005463

JAN 14 1983

MARKET STUDY

AND

NET REVENUE PROJECTIONS

FOR THE PROPOSED

HAMILTON TRADE CENTRE/ARENA

HAMILTON, ONTARIO

URBAN DOCUMENTATION CENTRE
RESEARCH UNIT FOR URBAN STUDIES
McMASTER UNIVERSITY
HAMILTON, ONTARIO

PREPARED FOR:
THE CITY OF HAMILTON

NOVEMBER 1982

Pannell Kerr Forster
Campbell Sharp

MANAGEMENT CONSULTANTS

December 22, 1982

URBAN DOCUMENTATION CENTRE
RESEARCH UNIT FOR URBAN STUDIES
McMASTER UNIVERSITY
HAMILTON, ONTARIO

Alderman B. Hinkley
Chairman and Members
Parks and Recreation Committee
City of Hamilton
Hamilton, Ontario
L8N 3T4

Attn: Mr. J.J. Schatz
Secretary

In accordance with the terms of our engagement, we have completed an analysis of market conditions and developed financial projections relating to the Trade Centre/Arena facility proposed for Hamilton, Ontario.

The entire study, including all findings, conclusions and recommendations pertains only to the Trade Centre/Arena facility as defined through discussions with your Technical Committee and our analysis of architectural drawings prepared by Parkin Architects. As you know, it was beyond the consulting mandate to determine the probability of Hamilton obtaining an NHL franchise. However, as requested in the terms of reference, we have developed financial scenarios which are intended to measure the impact of attracting a professional hockey tenant. Therefore, the scope of our study has been based upon the following two scenarios provided to us:

1. Trade Centre/Arena to operate with an NHL franchise, and
   - concessions operated by the City
   - concessions operated by contract

2. Trade Centre/Arena to operate without an NHL franchise, and
   - concessions operated by the City
   - concessions operated by contract

Suite 800 55 University Avenue Toronto, Ontario M5J 2K4
Telephone (416) 863-1235 Cables CAMSHARP Telex 06-23386

005463

In order to quantify demand and estimate possible operating results within the above noted scenarios, a variety of assumptions were required. These assumptions are the result of discussions with the Technical Committee and relate primarily to the treatment of the proposed facility's organization structure and operating procedures. Documentation of each assumption is provided within the body of our report at the relevant point of discussion.

The results of the study are based on the consulting team's present knowledge with respect to current and projected economic data, sources of existing and proposed arena or trade centre supply, analysis of trade centre and/or arena demand sources and the status of competitive markets at completion of our fieldwork on October 25, 1982. A draft report detailing our preliminary conclusions and findings was submitted to the Technical Committee for review and comment December 3, 1982. The attached document represents our final report to the Committee.

The estimated operating results included in our reports represent the performance of the facility based on a calendar year. These figures have been projected to include six months of operation for the latter part of 1985 and the full calendar years 1986 through 1990. Our financial projections are based on an evaluation of present and forecasted market conditions but do not take into account or make any provision for a sharp rise or decline in the local, provincial and national economies. To the extent that wages and other operating expenses may increase over the economic life of the project, it is expected that the price of rentals and services would be adjusted to compensate for these increases.

As in all studies of this type, the estimated operating results are based on competent and efficient management and presume no significant change in the competitive position of the Arena and Trade Centre Industries within the market area except as set forth in this report. We do not warrant that the estimates will be attained but they have been conscientiously prepared based on available information and our experience in the industry.

This report has been prepared primarily for the use and guidance of the City of Hamilton in determining the feasibility of the Trade Centre/Arena project and for possible use in developing, managing, and operating the facility. In connection with permitted uses, this document may not be disassembled, rearranged or copied in any manner that would allow for the presentation of only a portion of this report.

We would like to extend our appreciation to the members of the Technical Committee for their invaluable co-operation and assistance during the course of this engagement. We would be pleased to hear from you if we may be of further assistance in the interpretation or application of these findings and conclusions.

Yours very truly,

Pannell Kerr Forster Campbell Sharp

PANNELL KERR FORSTER CAMPBELL SHARP

WBA/RAP/BKS/ap

TABLE OF CONTENTS

		Page
TRANSMITTAL LETTER		
I	INTRODUCTION	1
II	SCOPE OF STUDY AND METHODOLOGY	4
III	SUMMARY OF FINDINGS AND CONCLUSIONS	6
IV	MARKET CONDITIONS	17
V	ANALYSIS OF COMPARATIVE MARKETS	21
VI	ANALYSIS OF COMPETITIVE MARKETS	38
VII	DEMAND POTENTIAL	48
VIII	MARKETING REQUIREMENTS AND CONSIDERATIONS	57
IX	MARKET SHARE ANALYSIS AND DEMAND ESTIMATION	61
X	SCHEDULING OF EVENTS AND ATTRACTIONS	74
XI	FINANCIAL PROJECTIONS	80
XII	FIVE YEAR PROJECTIONS OF INCOME AND EXPENSE	103
XII	ECONOMIC ANALYSIS	105

TABLE OF EXHIBITS

			Page
Exhibit	I	Site Location	2/2a
Exhibit	II	Site	2a
Exhibit	III	Summary of Events and Activities	10a
Exhibit	IV	Event Schedule Projections	11
Exhibit	V	Summary of Existing Facility Impacts	12
Exhibit	VI	Summary of Arena Revenues	13
Exhibit	VII	Summary of Estimated Operating Costs	15
Exhibit	VIII	Summary of Financial Results	16
Exhibit	IX	Selected Economic Indicators	20a
Exhibit	X	Metropolitan Hamilton Selected Economic Indicators	20a
Exhibit	XI	Competitive Markets Reviewed	23
Exhibit	XII	Comparable Facilities Sample Breakdown	37a
Exhibit	XIII	Comparable Facility Overview	37b
Exhibit	XIV	Event Summary Comparable Facilities	38
Exhibit	XV	Inventory Summary - Competitive Facilities	47a
Exhibit	XVI	Event Summary - Competitive Facilities	47b
Exhibit	XVII	Demand Potential Comparable Facilities	48
Exhibit	XVIII	Demand Potential Competitive Facilities	50
Exhibit	XIX	Demand Potential Hamilton Market	52
Exhibit	XX	Potential Events and Uses	55
Exhibit	XXI	Demand Estimation and Attendance Projections	63
Exhibit	XXII	NHL/OHL Schedule	74
Exhibit	XXIII	NHL Only Schedule	76
Exhibit	XXIV	OHL Only Schedule	77
Exhibit	XXV	No Hockey Schedule	78
Exhibit	XXVI	Arena Rental Revenue	83
Exhibit	XXVII	Arena Concession Revenue	84
Exhibit	XXVIII	Concession and Restaurant Revenues	85
Exhibit	XXIX	Arena Revenues	92
Exhibit	XXX	Organizational Chart	94
Exhibit	XXXI	Pre-opening Costs	102
Exhibit	XXXII	Estimated Operating Costs NHL/OHL	102a
Exhibit	XXXIII	Estimated Operating Costs NHL Only	102a

		Page
Exhibit XXXIV	Estimated Operating Costs OHL Only	102b
Exhibit XXXV	Estimated Operating Costs No Hockey	102b
Exhibit XXXVI	Net Operating Profit - Typical Year	102a
Exhibit XXXVII	Event Schedule Projections	103
Exhibit XXXVIII	A,B,C Financial Projections NHL/OHL	104a/b/c
Exhibit XXXIX	A,B,C Financial Projections NHL Only	104d/e/f
Exhibit XL	A,B,C Financial Projections OHL Only	104g/h/i
Exhibit XLI	A,B,C Financial Projections No Hockey	104j/k/l
Exhibit XLII	Per Capita Expenditure	105a
Exhibit XLIII	Economic Impact - NHL Scenario	105a
Exhibit XLIV	Economic Impact - OHL Scenario	105b
Exhibit XLV	Economic Impact - No Hockey Scenario	105c
Exhibit XLVI	Footnotes to Exhibits XLIII, XLIV, XLV	105d/e
Exhibit XLVII	Existing Facility Impacts	106

I INTRODUCTION

Background

As a result of previous consulting reports and analysis by internal departments, the City of Hamilton has determined the desirability of developing a trade centre/arena complex for the community. Current planning indicates this facility will contain approximately 18,000 arena seats as well as the capability of providing 60,000 square feet of trade centre space. The entire project is budgeted at $42.7 million and construction tenders are expected to be called in April of 1983.

Prior to proceeding with this project, the City wishes to determine potential revenues, operating costs and associated benefits of the facility. This information was previously provided as part of a much broader consulting assignment conducted in 1980. However, it has been two years since that study was completed and before proceeding with this project, the City of Hamilton wishes to determine the implications of changing market conditions which may have arisen since the original analysis was conducted.

The consultants' mandate was therefore to:

> ". . . determine, before the project goes to tender, exactly what operating revenues, including advertising and expenditures will be generated by this facility on completion in order that City Council will have realistic financial information on which to base a decision whether to proceed with the project or not".

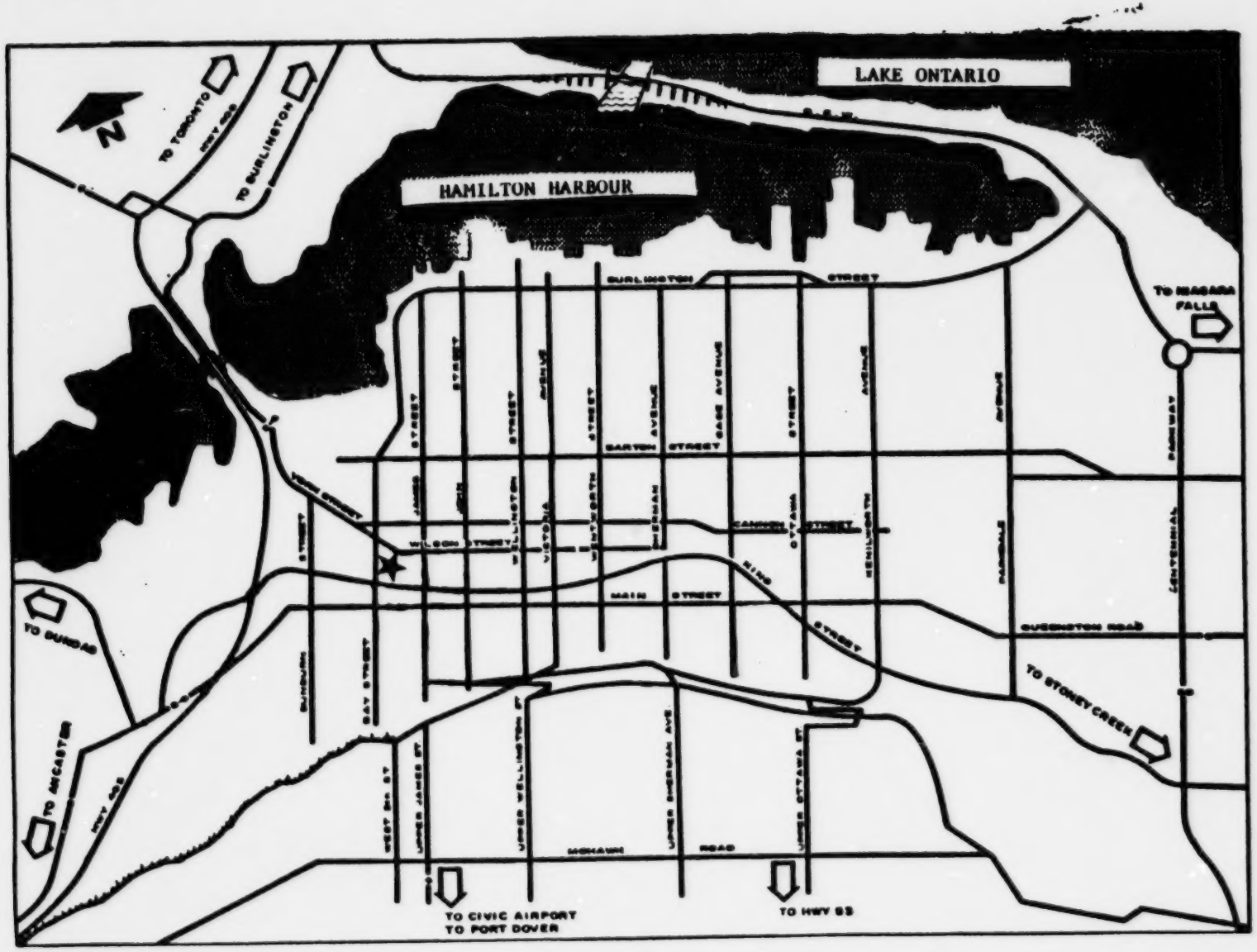
The information contained in the following report addresses the above-noted study objectives as well as providing background information which will be of assistance to both the project design team and future management/marketing functions.

Project Description and Location

In carrying out this assignment, the consulting team was fortunate to become involved in the project at a point where the preliminary design drawings for the arena facility had been largely completed. As a result, we were able to present a defined concept to possible users and compare this facility with other

EXHIBIT 1

HAMILTON



★ SITE

operations in North America. It has been our experience that the apportunity to present a fairly refined design concept to possible users results in more accurate estimates of possible use. In addition, the reaction of both users and professional trade centre/arena operators to the design concept provides valuable input for refining the facility to maximize efficiency and market appeal. Therefore, the project as presented to the market throughout our study had its basis in preliminary design drawings prepared by the City's architechtural consultants. However, the relationship between our research findings and the design process was a dynamic one which resulted in some adjustments to the original plans.

The site selected by the city for the proposed Trade Centre/Arena complex, is the southeast corner of Bay and York Streets in downtown Hamilton, Ontario. Exhibit I on the facing page indicates the location of the site, and Exhibit II on the following page describes the area in more detail. The Trade Centre/Arena is conveniently located to complement other downtown activity-generating buildings which in total ultimately form the basis of a vibrant core area for Hamilton. Overall site accessibility is considered reasonable and the proximity to public parking in the area is adequate. This aspect of the project's feasibility has been the subject of previous study and is somewhat beyond our mandate. However, to the extent that location could effect revenue potential, we forsee no serious constraints to demand maximization.

The structure can be characterized as a multi-use facility combining arena and trade centre functions. As an arena, the facility is suitable for a variety of events typically held in coliseum type facilities. As a trade centre, the facility is designed to provide an area of 60,000 square feet for exhibition use. In addition to these facilities, the structure contains support services for the arena and trade centre uses.

EXHIBIT 1A SITE LOCATION

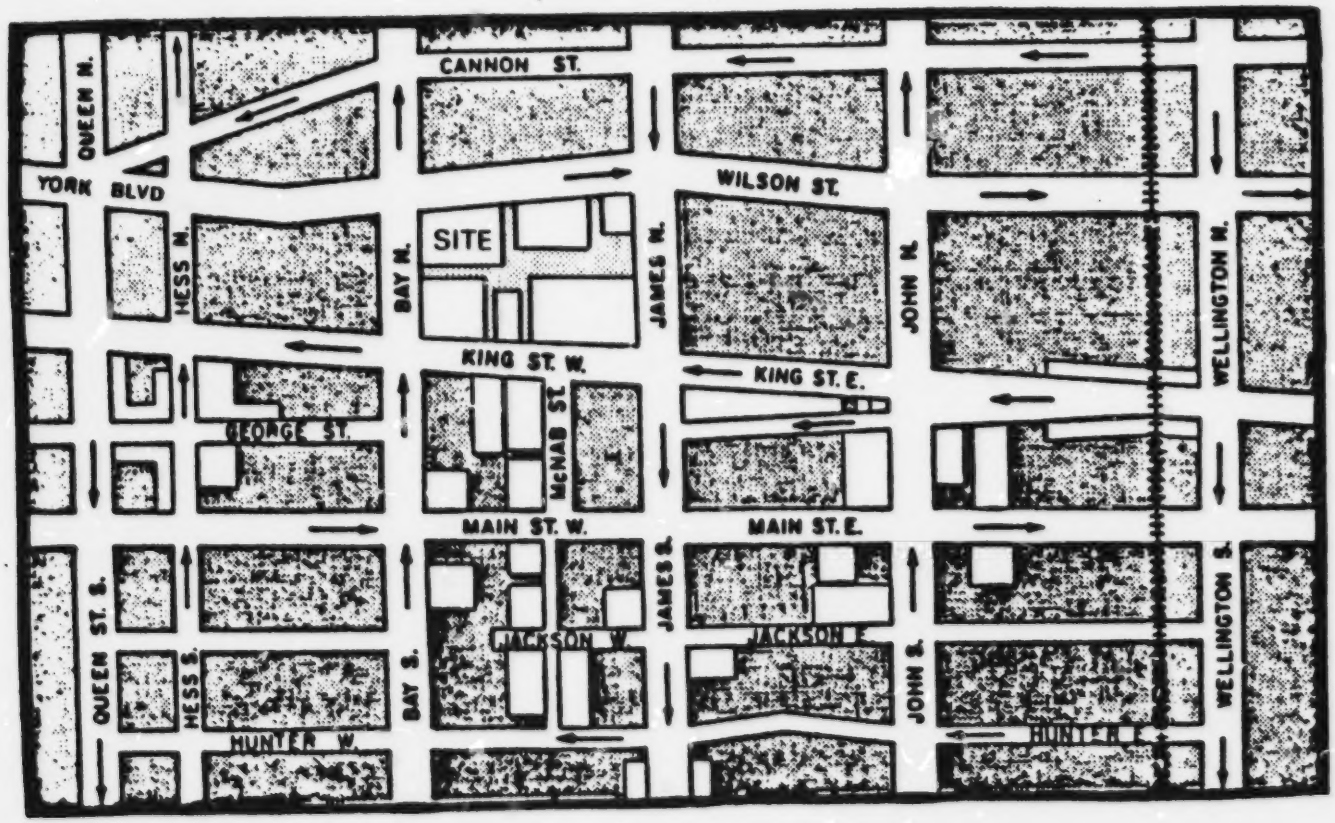
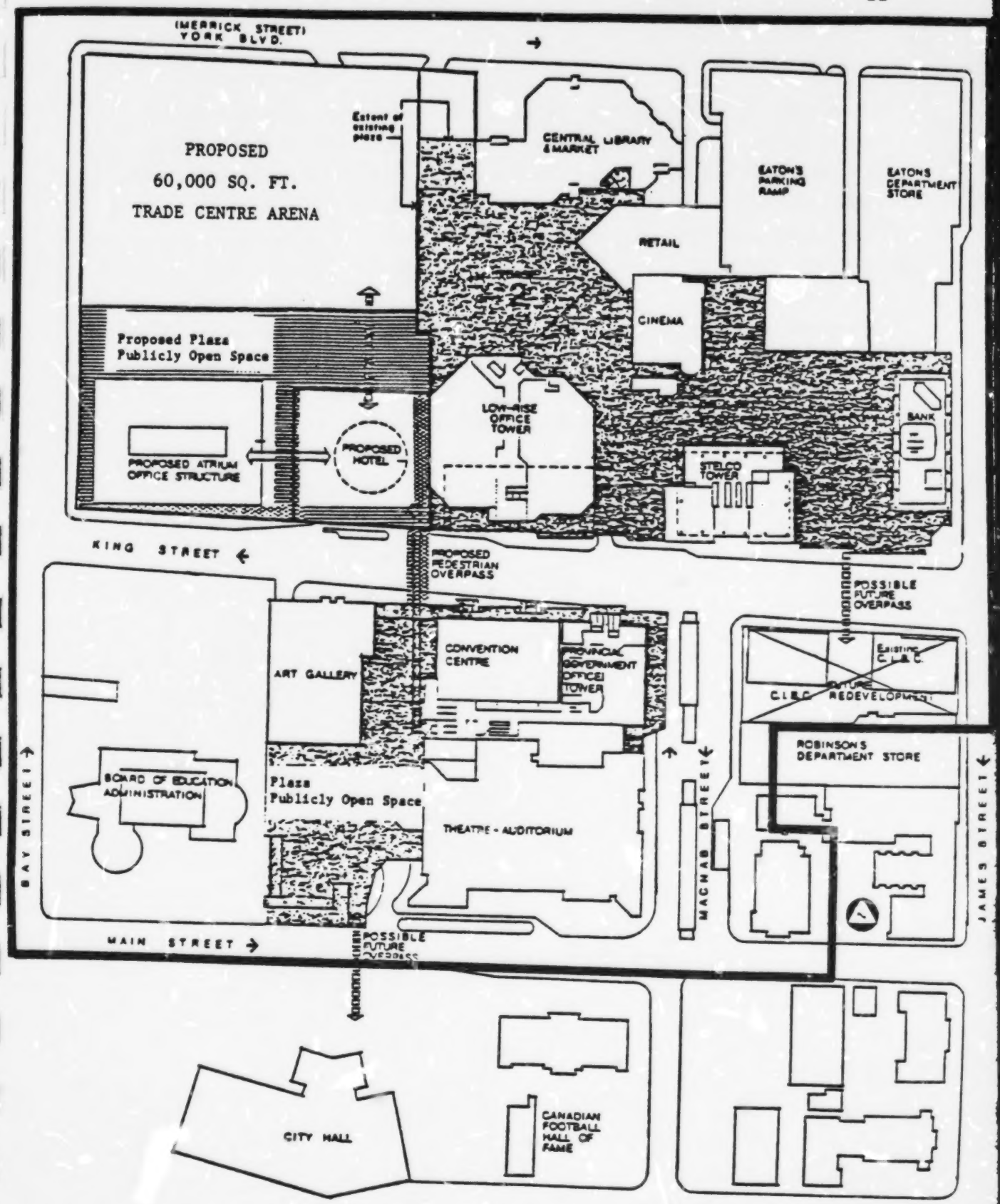


EXHIBIT II-SITE



Other components include a restaurant facility on the street level, concession outlets at both trade centre level and arena mezzanine level, 18 private boxes and a retail component which has the capability of creating 60,000 square feet of gross rental area. The arena is accessible from both Bay Street and York Boulevard as well as from retail areas within the high-rise structures which abut the building to the east and south.

Our review of the project plans and discussions with the architectural consultants identified several areas that would have limited the ultimate revenue producing potential of the facility. As a result of these discussions and the architects' creative response, each issue has been resolved. Therefore, based on the latest drawings, and taking into account project budget constraints, we are of the opinion that there are no design-based limitations which seriously impact the revenue generating potential of the facility.

II SCOPE OF STUDY AND METHODOLOGY

Scope of Study

The primary objective of this study was to provide accurate and realistic financial projections for the proposed Trade Centre/Arena. These projections were based on a series of assumptions, provided by the city in the original terms of reference and later expanded by request of the technical committee. These assumptions are as follows:

1. An NHL team and either Ontario Hockey League (OHL) or American Hockey League (AHL), teams as an additional tenant.
2. An NHL team as the only hockey tenant.
3. Minor league hockey tenant, OHL used for example purposes.
4. No hockey tenant.

Within each of the above four scenarios we have also included the concession revenue potential from both internal and external operations.

Methodology

In order to satisfy the above-noted scope of analysis, our study methodology was based on the following three fundamental components:

1. identification and analysis of comparable facilities;
2. identification and analysis of competitive facilities and markets achieved;
3. Identification and analysis of possible arena and/or trade centre users.
4. direct input based on the collective experience of study team members, including the ability to draw upon similar projects conducted by the firm as well as specific operator input from individuals currently involved in operating similar arena facilities and specialists in the area of arena promotion, concession management and project development.

The information provided from these sources was integrated with data contained in previous consulting reports as well as output from meetings with the Technical Committee. As a result, the consulting team was able to accumulate a

significant amount of current, relevant and specific data. In addition, various industry publications were reviewed for application to the project. Using our research data as a base, we developed a list of events which could be accommodated in the facility and for which there appeared to be demand. This list was further refined by assigning probabilities to reflect practical scheduling limitations within each scenario as well as the relative appeal of any individual event.

As a result of this process, a model of trade centre and arena usage by event type was developed. Example event calendars were also created at this stage to ensure there was practical application of the usage model. Once complete, the usage model and event calendars were compared to similar facilities and reviewed by professional operators familiar with the Canadian and US trade centre/arena markets. The output of this process was a usage model for each scenario which represented practical, achievable demand for the trade centre/arena facility.

Having developed an estimate of demand for each scenario, the consulting team then extended the model to include revenue and expense projections. The basis for these projections included the results of field interviews and the data collected and analyzed during the fieldwork phase of the study as well as actual financial information from both comparable and competitive facilities. Once complete, the financial projections were reviewed by selected industry professionals to ensure reasonableness. In addition, any variances from previous reports were examined and found to be generally explained by changed market conditions.

Therefore, on the following pages of this report, we present our findings and conclusions with respect to the market potential and financial performance of the proposed Hamilton Trade Centre/Arena.

II SUMMARY OF FINDINGS AND CONCLUSIONS

General Comments

As a result of our study, we believe that market conditions generally support the development of a major arena facility in Hamilton.

Should an NHL franchise be obtained, and assuming a reasonable rental agreement can be negotiated, the arena would generate significant positive cash flows with or without a second hockey tenant. In this regard, the inclusion of a trade centre component is not critical to financial success. Projected demand from professional hockey, other sports and entertainment events will be adequate to justify development of the facility.

However, an assessment of downside risk for the complex is required should no hockey tenant be obtained. Under this scenario, market conditions indicate that modest cash flow deficiencies will be experienced in the early years of operation ultimately improving to a break even position.

The "no hockey tenant" scenario demonstrates the importance of including a trade centre component as part of the complex in order to contribute to overall viability. It is also important to note that if an aggressive and successful joint marketing effort is undertaken by the managements of both the Trade Centre/Arena and Convention Centre, an opportunity would exist to create increased demand for the complex. In addition, should the current trend of allowing beer sales in stadiums be extended to major arenas in Ontario, our research indicates that significant additional concession rental revenue will be created. Therefore, the development of a successful trade centre component and increased concession revenues from the possible sale of beer would result in a breakeven position being attained earlier than the projections indicate.

Although not reflected in the Trade Centre/Arena financial projections, the economic impact of this facility upon the community will be significant.

Approximately 650 jobs for 22 months will be created during construction. The construction phase will also create over 1,100 direct, indirect and induced man years of employment. After completion, between 1,289 and 694 additional man years of direct, indirect and induced employment will also be created. This range represents the effect of the two scenario extremes, i.e. with and without an NHL franchise.

The employment-creating effect of this project contains significant added benefits to the city because the project materializes at an especially critical time given Hamilton's current level of unemployment. Also important is the possibility that this project will assist in stimulating development of an additional hotel for Hamilton. Should one of the hotel projects currently being contemplated proceed, the added economic and employment impacts will be of significant value to the City.

In addition to the employment effect, development of the Trade Centre/Arena will create new expenditures and therefore income for the community. People attending events at the arena and individuals involved with the performances will generate between 19 to 28 million dollars in expenditures by the third full year of operation. Again, this range represents the two scenarios of "No NHL" and "NHL" respectively.

Summary

In general, the results of our analysis support development of the proposed Trade Centre/Arena. Assuming that an NHL team can be attracted under favourable rental terms, our data indicates significant positive cash flow and spin-off economic benefits to the community.

The alternative scenario of no permanent hockey tenant suggests that initial operating years will result in modest deficits. A breakeven position is considered achievable by the third full operating year. If the synergy from the joint trade and convention centre use is greater than expected and beer sales are allowed, positive operating results are likely to be achieved after the second full year of operation.

In the following pages are summarized the general conclusions regarding specific aspects of our analysis and the projected financial results.

Site

The location of the project will enable management to take advantage of downtown area development and benefit from increased consumer and business activity. Hamilton's downtown centre, which includes the existing Convention Centre and Hamilton Place facilities, the Lloyd D. Jackson Square complex and the likelihood of an additional major hotel project in the area, will enhance the infrastructure supporting the successful development and operation of the trade centre/arena facility.

The location will further increase community awareness and use of the growing downtown core. In addition, markets attracted to the Trade Centre/Area will enable other components of the downtown area to benefit from the increased consumer spending.

Market Conditions

The various economic and development factors noted in our report suggest that, by the time of completion of the complex, general market conditions will be favorable with regard to demand generation for the Trade Centre/Arena facility. Although these conditions cannot be considered optimum, Hamilton's Trade Centre/Arena can be expected to achieve activity levels typical of similar communities. In addition, market and economic conditions should be much improved over the existing environment currently faced by major multi-use arena facilities, thereby increasing the potential for consumers to make discretionary expenditures for entertainment and sports events.

Management

We have assumed that the City of Hamilton will wish to maximize revenues and profit from the facility. Accordingly, the management style must be that of a private enterprise-oriented facility with appropriate consideration given to community needs.

Our research indicates that the quality of management is critical to ultimate success for public assembly facilities of this nature. Therefore, acquiring top quality management should be an early priority. Each of the options of hiring experienced individuals or of engaging a management company are viable. We would also strongly recommend careful analysis of the issue regarding in-house versus outside concession management. In many cases the expectation of increased profit from in-house concession management has proved to be largely illusionary. Finally, we would reiterate that the management issue be solved as quickly as possible so that a team is in place early enough to ensure optimum pre-selling and market penetration.

Market Share

Research data suggests that Hamilton's Trade Centre/Arena could capture a share of market consistent with well-managed and successful, comparable facilities. As designed, and assuming the integration of consulting input to date, we believe the complex will be able to attract a wide variety of events. We would also note that although the revenue levels ultimately attained are dependent on regional market conditions, the business volumes and operating costs should also be consistent with successful comparable facilities.

The attraction of an NHL franchise is critical to ensuring maximum benefit in relation to the expenditures associated with the project. Whereas it is not essential that an NHL franchise or major sport tenant be obtained, the alternative scenario creates a significant marketing and management burden and severely reduces the opportunity to achieve positive cash flows of any magnitude to service the debt.

Assuming that the appropriate quality of management can be obtained, research data indicates that Hamilton's proposed arena will be considered an attractive venue by event organizers. As a result, we expect the arena to compete directly and effectively in the South-Central Ontario market.

The demand for exhibition space is somewhat dependent on the success of the Convention Centre in attracting groups to Hamilton. However, a basic level of consumer and trade show events is considered achievable early in the facility's operating history. In addition, the recent design changes will greatly improve the flexibility of the trade centre component thereby creating an exhibition facility which could accomodate a wide spectrum of uses. The net effect is an opportunity to increase market penetration for both the trade centre and existing convention centre as a result of cooperative marketing and joint use.

Trade Area

The Hamilton Trade Centre/Arena will be able to attract markets from areas within southern Ontario, and to a lesser extent, western New York. From Oshawa to London and south to Buffalo, there exists a total market area of six million people. Currently this market has a variety of alternative facilities for viewing sports events, concerts, special events and trade shows. Our research has indicated that the trade centre/arena proposed for Hamilton has the potential to successfully penetrate this market area. In particular, we would expect the facility to dominate the market in South Central Ontario extending from Guelph/Kitchener south to St. Catharines and east to Mississauga.

Events

Our research indicates that in addition to the need for professional sports tenants, sources of revenue exist for such events as amateur sports, wrestling, concerts, ice shows, and trade and consumer shows. The summary of events and activities that can be attracted is summarized in Exhibit III on the following page, and indicates a typical year of operation once initial market penetration has been acheived.

The projected volume of events ranges from a low of 82 to a high of 146 for the extremes of no hockey and NHL/OHL scenarios respectively. The total number of days the facility will be in use ranges from 146 to 199 for these same scenarios.

EXHIBIT III

SUMMARY OF EVENTS AND ACTIVITIES

NHL/OHL SCENARIO

Category	No. of Events	Event Days	Comments
NHL	45	45	includes 5 exhibition games
OHL	40	40	includes 5 exhibition games
Wrestling	20	20	
Concerts	20	20	
Consumer Shows	5	39	
Industrial Shows	1	8	
Circus	1	6	9 performances
Ice Shows	1	8	9 performances
Tennis Exhibitions	3	3	
NBA Exhibitions	1	1	
Harlem Globetrotters	1	1	
Sporting Events	6	6	
Ethnic Shows	2	2	

146 events - 181 performances - 199 days

NHL ONLY SCENARIO

NHL	45	45	includes 5 exhibition games
Wrestling	20	20	
Concerts	20	20	
Consumer Shows	5	39	
Industrial Shows	1	8	
Circus	1	6	9 performances
Ice Shows	1	8	9 performances
Tennis Exhibitions	3	3	
NBA Exhibitions	1	1	
NHL Exhibition	1	1	
Sporting Events	6	6	
Harlem Globetrotters	1	1	
Other Events	18	18	
Other Consumer Shows	2	12	
Ethnic Shows	2	2	

127 events - 165 performances - 190 days

OHL ONLY SCENARIO

OHL	40	40	includes 5 exhibition games
Wrestling	20	20	
Concerts	20	20	
Consumer Shows	5	39	
Industrial Shows	1	8	
Circus	1	6	9 performances
Ice Shows	1	8	9 performances
Tennis Exhibitions	3	3	
NBA Exhibitions	1	1	
NHL Exhibition	1	1	
Sporting Events	6	6	
Harlem Globetrotters	1	1	
Other Events	18	18	
Other Consumer Shows	2	12	
Ethnic Shows	2	2	

122 events - 161 performances - 185 days

NO HOCKEY SCENARIO

Wrestling	20	20	
Concerts	20	20	
Consumer Shows	5	39	
Industrial Shows	1	8	
Circus	1	6	9 performances
Ice Shows	1	8	9 performances
Tennis Exhibitions	3	3	
NBA Exhibitions	1	1	
NHL Exhibition	1	1	
Sporting Events	6	6	
Harlem Globetrotters	1	1	
Other Events	18	18	
Other Consumer Shows	2	12	
Ethnic Shows	2	2	

82 events - 121 performances - 145 days

EXHIBIT IV

EVENT SCHEDULE PROJECTIONS

	1985*	1986	1987	1988
NHL/OHL SCENARIO				
NHL	22	45	45	45
OHL	20	40	40	40
Sporting Events	10	21	26	31
Consumer/Trade Shows	2	4	5	6
Concerts	7	14	17	20
Entertainment	2	4	4	4
TOTAL EVENTS	63	128	137	146
NHL ONLY SCENARIO				
NHL	22	45	45	45
Sporting Events	10	21	26	31
Consumer/Trade Shows	3	6	7	8
Concerts	7	14	17	20
Entertainment	2	4	4	4
Other Events	6	13	15	18
TOTAL EVENTS	50	103	114	126
OHL ONLY SCENARIO				
OHL	20	40	40	40
Sporting Events	11	22	27	32
Consumer/Trade Shows	3	6	7	8
Concerts	7	14	17	20
Entertainment	2	4	4	4
Other Events	6	13	15	18
TOTAL EVENTS	49	99	110	122
NO HOCKEY				
Sporting Events	11	22	27	32
Consumer/Trade Shows	3	6	7	8
Concerts	7	14	17	20
Entertainment	2	4	4	4
Other Events	6	13	15	18
TOTAL EVENTS	29	59	70	82

* 6 months of operation

Exhibit IV shows our estimate of event buildup to the point of a typical year. For the purposes of this analysis, we have assumed the typical year to be 1988 or the third full year of operation. In addition, this buildup period assumes a 12-18 month pre-selling effort prior to opening of the facility.

Existing Facility Impact

It was within the scope of the study to evaluate the financial impact of the Trade Centre/Arena's operation with respect to existing public assembly facilities in Hamilton. These impacts were derived through the evaluation of lost revenues or demand. Exhibit V outlines the estimates of lost revenues for each of:

- Hamilton Convention Centre
- Hamilton Place
- Ivor Wynn Stadium
- Hamilton Mountain Arena

Based on our analysis of present operating conditions at the Convention Centre and the results of our market research, we have projected a high probability for the transfer of three trade and consumer shows to the new facility and a medium probability of transfer for two additional shows. However, it should be noted that the joint use potential of the trade centre and convention centre will create new opportunities for the generation of convention business. Therefore, research indicates an opportunity for the convention centre to ultimately benefit from development of the trade centre/arena.

We have projected a loss of 3 to 7 concerts at Hamilton Place. Since revenue potential per performance is limited by the relatively smaller number of seats, the overall impact will be minimal. We have estimated lost revenue to range from $6,000 to $14,000. It should also be noted that those concerts expected to transfer to the Arena will be doing so as a result of their requirements for larger seating capacities. Officials of Hamilton Place have indicated that there will be little difficulty in replacing these events. Therefore, there should be no net negative effect. The ultimate transfer of events and subsequent replacement will result in increased revenues to the City from concessions and rentals of from $47,000 to $110,000.

EXHIBIT V
EXISTING FACILITY IMPACT
(1982 dollars)

ESTIMATE OF REVENUE TRANSFERRED TO TRADE CENTRE/ARENA

Convention Centre[1]	Rental Revenue	Internal Concessions	Total
High Probability			
Industrial Show	$15,200	$4,800	$20,000
Car Show	15,200	4,000	19,200
Home Show	15,200	12,800	28,000
	45,600	21,600	67,200
Medium Probability			
Better Living Show	12,000	4,800	16,800
Sports and Leisure Show	12,000	4,800	16,800
	24,000	9,600	33,600
	$69,600	$31,200	$100,800

Hamilton Place

3 concerts @ $2,000[2]	net revenue =	$6,000
7 concerts @ $2,000	net revenue =	14,000
		$20,000

Ivor Wynn Stadium

Union Meetings
Sports Tournaments
Religious Events - 2
Concerts - 2
Estimate of transferred revenue, 7 events at $2,000[3] net = $14,000

Mountain Arena

Circus - 8 performances
Concerts - 2
Sports Events - 3
Estimate of transferred revenue, 13 events at $1,200[4] net = $15,600

NOTES

1 Assumes revenues at Trade Centre/Arena equal to those at Convention Centre.
2 Based on achieved rental revenue and bar revenues, Hamilton Place 1981
3 Source: Hamilton Department of Culture and Recreation
4 Based on existing rate structure

We have estimated that certain events and attractions currently held at both Ivor Wynn and the Mountain Arena will be persuaded to relocate to the new Trade Centre/Arena. The estimated financial impact is $14,000 for Ivor Wynn Stadium and $16,000 for the arena. In our view, the financial implications are minimal.

The resulting direct financial impact on the existing facilities, with the exception of the Convention Centre, is minimal. However, even the negative impacts on the convention centre can be minimized. Research indicates that with the completion of one of the proposed hotels, increased demand for convention space should more than compensate for the loss of trade and consumer show demand.

In summary, our research indicates the impact of the proposed Trade Centre/Arena will be positive and of ultimate benefit to the community and related facilities.

Financial Projections

Estimates of revenue and expenses associated with each scenario have been prepared in order to determine the financial viability of the trade centre/arena complex. In addition, we have further refined each scenario to demonstrate the possible financial impact of internal versus external concession operations as well as additional revenue from the possible sale of beer in the arena.

The development of financial projections has involved extensive consideration of a great variety of assumptions. In order to facilitate the presentation of our findings, we have provided a series of summary exhibits in the following section. Also included are the primary assumptions which form the underlying basis for the revenue and expense estimates.

Essentially, the financial projections indicate that after the third full year of operation the facility will generate at one extreme an operating profit of $1,480,000 with an NHL team versus an operating profit of $81,000 with no permanent hockey tenant. These amounts are stated in 1982 dollars and assume optimum

EXHIBIT VI

ARENA REVENUES

(1982 dollars)

($000's)

	NHL/OHL		NHL ONLY		OHL ONLY		NO HOCKEY	
	External Concessions	Internal Concessions	External Concessions	Internal Concessions	External Concessions	Internal Concessions	External Concessions	Internal Concessions
Arena Rentals	$1,769	$1,769	$1,794	$1,794	$945	$945	$858	$858
Concessions	709	946	668	892	455	607	372	496
Corporate boxes (1)	234	234	234	234				
Retail	300	300	300	300	300	300	300	300
Advertising	200	200	200	200	85	85	85	85
Promotion	85	85	115	115	115	115	115	115
Total	$3,298	$3,535	$3,311	$3,535	$1,900	$2,052	$1,730	$1,854
Adjusted total if beer sales allowed	$3,440	$3,724	$3,445	$3,713	$1,991	$2,173	$1,804	$1,952

NOTES

(1) Corporate Boxes - 18 boxes at $13,000/box

Numbers may not add due to rounding

internal concession operations but do not include the impact of possible beer sales. Operating profit is defined as the revenue in excess of direct operating costs prior to deductions for depreciation, amortization and debt service.

As in any study of potential financial performance, the projected results can be interpreted in a variety of ways. At one extreme and assuming a reasonable rental agreement with an NHL team, the facility should generate revenue that will make a significant contribution to debt service. At the other extreme the trade centre/arena breaks even and makes a minor contribution to the original construction cost. Nevertheless, in each case the market as currently viewed will provide adequate support to create positive operating results after 3 years. This outlook is encouraging for a publicly funded facility. In addition, the added benefits in terms of job creation and new expenditures within the community further enhance the project's appeal.

Revenue Estimates

Underlying Assumptions

The revenue projections for the Hamilton Trade Centre/Arena have been estimated based on the analysis of revenue achieved by both competitive and comparable facilities and interviews with probable facility users. This data was then integrated with an evaluation of local market conditions and market share estimates were derived. The projections were then tested against comparable facilities to ensure reasonableness and adjusted as required. Further assumptions utilized in our projections include the following:

i) These projections represent a typical year of operation and are presented in 1982 dollars. In each scenario the projections are based on the assumption that the initial startup and awareness building period has taken place and therefore the facility is close to achieving the currently predictable level of market penetration.

ii) It has been assumed that the facility will be profit-oriented and management philosophy will reflect this objective. It is also assumed that management will be well-experienced and therefore competent with respect to Trade Centre/Arena operations and where applicable, concession operations as well.

iii) Revenue projections for arena rentals assume that the facility will adopt the accounting practice of measuring revenues net of recoverable costs per event.

iv) No assumptions have been made with respect to changes in liquor legislation allowing beer sales in arena facilities. However additional concession projections have been prepared to account for these revenues in order to demonstrate the effect of changes in existing law.

v) Assumptions have been made with respect to the probability of an event or attraction taking place and the resulting revenue impact. It has been assumed that revenue varies directly with the probability of an event taking place (ie. if probability of occurrence is 10%, then 10% of the event's total potential revenue has been taken into account).

vi) Varying levels of advertising revenue have been considered based on comparable situations, the impact of different scenarios, and potential agreements presented to the City.

vii) It has been assumed that management will have the ability and initiative to co-promote events and attractions at the facility and generate additional revenues.

Estimated Operating Costs

Underlying Assumptions

Our operating estimates for the Hamilton Trade Centre/Arena are primarily based on the operating experience of comparable and competitive facilities. In addition, assumptions peculiar to the Hamilton situation are based on directives

EXHIBIT VII

SUMMARY OF ESTIMATED OPERATING COSTS

(Net of Recoverables)

(1982 dollars)

	NHL/OHL Scenario	NHL Only Scenario	OHL Only Scenario	No Hockey Scenario
Payroll and Benefits	$959,500	$953,000	$897,150	$824,500
Administration Expense	190,000	190,000	190,000	190,000
Operations	833,000	833,000	756,000	690,000
Contingency (4%)	79,300	79,000	73,700	68,200
Total Expense	$2,061,800	$2,055,000	$1,916,850	$1,772,700

and recommendations from the Technical Committee with respect to guidelines and policies to be adopted for operation. Generally these assumptions pertain to all scenarios presented and are as follows:

i) Operating costs are representative of a typical year of operation and are presented in 1982 dollars. In each scenario, operating costs are based on the assumption that demand potential of the facility has been reached.

ii) It has been assumed that facility management will adopt a profit-oriented operating philosophy. This assumption is reflected in both the revenue and operating estimates.

iii) Certain adjustments have been made with respect to staffing and payroll to reflect operating conditions within the City of Hamilton's public sector. The major categories include salary levels and availability of City supplied manpower and services. The implication is a reduction in staffing and payroll expenses below that which would normally be incurred by an independent operation. We have also included employee benefits at 20% of payroll in our estimates of operating costs, again a reflection of current conditions in the Hamilton public sector.

iv) The utility costs (ie. heat, light, and power) have been initially prepared by H.H. Angus Engineers, retained in conjunction with Parkin Partnership, Architects for planning of the Hamilton Trade Centre/Arena. These preliminary estimates were calculated based on a computer model and the utility requirements of the NHL based scenario. The projections were then adjusted by Pannell Kerr Forster Campbell Sharp to represent the operating conditions evident in the remaining scenarios.

v) Insurance cost estimates have been prepared by the City of Hamilton Clerk's Office and represent the additional cost to the City of including the Trade Centre/Arena under an umbrella policy for Hamilton Place, the Convention Centre, Ivor Wynn Stadium and various other facilities owned and operated by the City.

EXHIBIT VIII

HAMILTON TRADE CENTRE/ARENA

Summary of Financial Results

(1982 dollars)

		Without Beer Sales	With Beer Sales
I)	NHL/OHL - with internal concessions		
	Total Revenues	$3,535,000	$3,724,000
	Total Operating Expenses	2,062,000	2,062,000
	NET OPERATING PROFIT	$1,473,000	$1,662,000
	NHL/OHL - with external concessions		
	Total Revenues	$3,298,000	$3,440,000
	Total Operating Expenses	2,062,000	2,062,000
	NET OPERATING PROFIT	$1,236,000	$1,378,000
II)	NHL ONLY - with internal concessions		
	Total Revenues	$3,535,000	$3,713,000
	Total Operating Expenses	2,055,000	2,055,000
	NET OPERATING PROFIT	$1,480,000	$1,658,000
	NHL ONLY - with external concessions		
	Total Revenues	$3,311,000	$3,445,000
	Total Operating Expenses	2,055,000	2,055,000
	NET OPERATING PROFIT	1,256,000	$1,390,000
III)	OHL ONLY - with internal concessions		
	Total Revenues	$2,052,000	$2,173,000
	Total Operating Expenses	1,917,000	1,917,000
	NET OPERATING PROFIT	$135,000	$256,000
	OHL ONLY - with external concessions		
	Total Revenues	$1,900,000	$1,991,000
	Total Operating Expenses	1,917,000	1,917,000
	NET OPERATING PROFIT	($17,000)	$74,000
IV)	NO HOCKEY - with internal concessions		
	Total Revenues	$1,854,000	$1,953,000
	Total Operating Expenses	1,773,000	1,773,000
	NET OPERATING PROFIT	$81,000	$180,000
	NO HOCKEY - with external concessions		
	Total Revenues	$1,730,000	$1,804,000
	Total Operating Expenses	1,773,000	1,773,000
	NET OPERATING PROFIT	($43,000)	$31,000

vi) All estimates of operating costs are net of recoverables (i.e. expenses recoverable from users). Only those operating costs which cannot be charged directly to the event or user have been considered.

vii) Unrecovered admission control costs have been assumed in our estimates to reflect those financial losses through unrecoverable salaries or portions of salaries relating to box office staff, security, ticket takers and ushers which cannot be directly charged to an event or user.

viii) A contingency factor has been included because the projections are estimates based on operating conditions at comparable facilities adapted to reflect the Hamilton market. While the projections have been carefully and conscientiously prepared, they do not represent budgets.

ix) Pre-opening expenses have not been included in our projections. It is assumed, however, that these costs will be incurred and are necessary to achieve the revenue estimates projected for the facility. It was beyond the mandate of this study to estimate or evaluate these costs but it is noted here for information purposes that the amortization of these expenses would have a direct impact on the operating results of the facility.

Based on the foregoing assumptions concerning revenues and expenses, Exhibit VIII on the facing page summarizes the expected financial operating results for the four scenarios examined. All amounts are stated in 1982 dollars and represent a typical operating year.

IV MARKET CONDITIONS

Economic Overview

The impact of economic conditions has a direct bearing on demand potential for the Hamilton Trade Centre/Arena. Users of the facility will be making purchase decisions regarding events based on both the attractiveness of the event itself as well as the costs associated with attending activities at the arena. The economic environment will directly influence the type and nature of events being presented in Hamilton as well as affect the public's decision with regard to spending discretionary income and in some cases business entertainment budgets in attending an event in the Trade Centre/Arena. There is clearly a direct relationship between economic conditions and the propensity for consumers or businesses to incur the cost of attending an event at such facilities. Therefore we have reviewed a variety of economic forecasts and drawn conclusions regarding the possible impact upon this project.

The international economy, fueled by political unease, unemployment and high inflation is experiencing great difficulty recovering from the present economic downturn. Many economists are presently predicting a gradual return to prosperity and in the interim period, many observers are suggesting a protracted period of slow growth.

Historically, Europe and Canada have relied heavily upon the U.S. economy to provide a basis for their own economic strength. Therefore, conditions influencing the U.S. economy have direct and often dramatic impacts upon our own economic conditions. It is generally accepted, although not readily apparent, that the world and especially the North American economies are in the midst of a transition as profound as that which resulted from the introduction of our current industrial era when steampower and electricity changed forever the way in which business operated. Today,

the new technology will be based on computers, telecommunications and robotics. As a result, a variety of important industries will be required to adjust to new patterns of business activity. As this process occurs there will be temporary dislocation within the economy and constraints upon productivity which is of course the ultimate source of economic growth. Similar activity is also occurring in the Canadian economy and is expected to limit medium term growth potential throughout most of the 1980's. This fundamental change in economic conditions will ultimately be beneficial and in some economists' view, create a new era of growth and development. In the meantime, constrained conditions will continue to minimize economic growth and disposable income resulting in relatively high unemployment. The impact of this scenario relates directly to the propensity for both businesses and individuals to spend on activities which occur in arena and trade centre facilities.

The Canadian economy is influenced by conditions similar to those mentioned above and more immediately by the current economic recession. Recent forecasts suggest that 1982 will present a continuance of the current economic malaise and that 1983 is expected to be a year of only marginal improvement. On the bright side, there are a variety of factors which economic observers suggest should be in place by 1984 thereby stimulating the economy and providing improved conditions and opportunities during the middle years of the 1980's. It should be noted that these improvements must be viewed within the overall context of slow growth throughout the 1980's. Nevertheless, a return to positive growth during the middle eighties represents a positive factor for the Hamilton Trade Centre/Arena facility.

The Ontario and Hamilton region economies are naturally expected to demonstrate trends similar to that of our national economy. In the longer term, Ontario is relatively well positioned to supply the manufacturing base required for large resource extraction projects that ultimately must come on stream in both eastern and western Canada. By 1984, Ontario is expected to see a return to positive growth and interestingly, a recent review of hotel operators

in the Toronto area suggests that confirmed group business for 1984 is ahead of confirmed bookings for 1983. This condition, although not a generally accepted economic indicator, does suggest that business planning activity is anticipating the improved conditions forecast for the middle 1980's.

Exhibits IX and X provided at the end of this section summarize a variety of economic indicators relevant to Hamilton's position in provincial and national economies. The current economic position of Hamilton is further influenced by the soft markets facing major steel producers in North America. By the end of 1982, Stelco will be at its lowest employment level in 25 years. Recently both major steel producers in Hamilton announced even further staff cutbacks. However, despite rather unfortunate current economic conditions, our research suggests that by the time the Trade Centre/Arena project is completed, the negative influences of existing economic scenarios will have lessened. As a result, the Hamilton region will have moved into a position of positive, moderate growth providing an improved opportunity for disposable income expenditures that could be directed towards a trade centre/arena facility.

We would also note that the Hamilton region and civic governments are aggressively promoting and preparing the City to take advantage of future opportunities. These activities include impressive development of industrial land, airport expansion, improved transportation networks, twinning of the Burlington Skyway and direct GO Train links from Hamilton through to Oshawa. These improvements will positively impact the City and therefore the Trade Centre/Arena project. In addition, the creation of Hamilton's downtown centre which includes the existing convention centre and Hamilton Place facilities, the Lloyd D. Jackson Square complex and the likelihood of an additional major hotel project, further enhances the infrastructure which will support the development and use of a successful trade centre/arena facility. The project itself is sited in such a way as to be able to take advantage of this downtown area development and benefit from increased consumer and business activity that will result from the creation of a vibrant downtown core.

In our view, the various economic and development factors noted in this section suggest that by the project's completion general market conditions will be favourable with regard to demand generation and operating conditions for the Trade Centre/Arena facility. Although these economic conditions cannot be considered optimum, there is no reason to believe that the market potential for Hamilton's arena and trade centre would be depressed below levels typical of other similar communities or in general at that time. On the contrary, conditions in all likelihood will be superior to those which are currently existing and being faced by major multi-use arena facilities.

URBAN DOCUMENTATION CENTRE
RESEARCH UNIT FOR URBAN STUDIES
McMASTER UNIVERSITY
HAMILTON, ONTARIO

EXHIBIT IX

METROPOLITAN HAMILTON AREA

HISTORIC AND PROJECTED PERSONAL DISPOSABLE INCOME

AND RETAIL SALES (PER CAPITA)

Metropolitan areas and cities (population 100,000 +)	Personal Disposable Income - 1981	Percentage Change 1980 - 1981	Personal Disposable Income - Projected 1983	Percentage Annual Compound Growth 1981 - 1983	Retail Sales (1981)	Percentage Change 1980 - 1981	Retail Sales Projected 1983	Projected Annual Compound Growth 1981 - 1983
Calgary	11,363	16.88	13,855	10.5	5,829	10.60	7,120	10.5
Chicoutimi - Jonquiere	8,680	9.96	10,366	10.5	3,731	2.02	6,557	10.5
Edmonton	10,822	15.01	13,214	10.5	5,769	10.39	7,066	10.5
Halifax	9,288	12.36	11,359	10.6	3,599	-1.72	4,401	10.6
Hamilton	10,117	9.72	12,359	10.5	3,761	5.70	6,596	10.5
Kitchener	9,162	10.08	11,164	10.5	4,333	7.62	5,289	10.5
London	9,560	9.91	11,671	10.5	4,060	7.98	6,958	10.5
Montreal	9,282	9.61	11,334	10.5	3,826	1.68	4,667	10.5
Oshawa	9,569	9.91	11,691	10.7	4,276	7.76	5,235	10.7
Ottawa - Hull	10,650	9.60	13,004	10.5	3,964	5.20	6,841	10.5
Quebec	8,785	9.83	10,725	10.5	4,404	1.50	5,377	10.5
Regina	10,534	13.95	12,873	10.5	5,176	7.97	6,326	10.6
St. Catherines - Niagara	9,355	10.00	11,422	10.5	3,749	6.69	4,578	10.5
St. John's	6,871	15.21	8,395	10.5	4,078	1.47	4,987	10.6
Saint John			9,677				4,532	
Saskatoon	10,508	13.97	12,825	10.5	5,425	10.71	6,617	10.4
Sudbury	10,922	9.67	13,344	10.5	4,305	6.69	5,258	10.5
Thunder Bay	9,240	10.03	11,268	10.4	3,991	5.92	4,862	10.4
Toronto	10,614	9.56	12,963	10.5	3,981	7.80	4,863	10.5
Vancouver	10,640	13.22	12,987	10.5	4,823	18.44	5,887	10.5
Victoria	9,558	13.56	11,682	10.6	4,780	19.11	5,843	10.6
Windsor	10,783	9.51	13,179	10.5	3,795	7.29	4,638	10.6
Winnipeg	9,759	11.76	11,924	10.6	3,806	7.85	4,650	10.5

Source: Financial Post Survey of Markets 1982

EXHIBIT X

SELECTED ECONOMIC INDICATORS

PROVINCE OF ONTARIO

	1976	1977	% Change 76-77	1978	% Change 77-78	1979	% Change 78-79	1980	% Change 79-80	1981	% Change 80-81	Avg. Ann. Grw. (%)
Retail Sales ($000)	21,627,400	22,846,800	5.6	24,803,100	8.5	27,025,200	8.9	30,190,600	10.5	32,430,800	7.4	8.4
Retail Sales (Per Capita)	2,600	2,730	5.0	2,930	7.3	3,177	8.4	3,524	10.9	3,759	6.7	7.7
Personal Disposable Income (000's)	48,985,000	54,499,000	11.2	61,403,000	12.7	64,430,000	4.9	74,900,000	16.3	82,891,000	10.7	11.1
Per Capita	5,880	6,510	10.7	7,240	11.2	7,927	9.5	8,743	10.3	9,607	9.9	10.3
Building Permits (Value - 000's)	4,074,322	4,175,157	2.5	4,241,325	1.6	4,326,472	2.0	4,354,272	0.6	N/A	----	1.7
Population	8,331,000	8,373,500	0.5	8,480,000	1.3	8,506,000	0.3	8,566,900	0.7	8,627,800	0.7	0.7

METROPOLITAN HAMILTON

	1976	1977	% Change 76-77	1978	% Change 77-78	1979	% Change 78-79	1980	% Change 79-80	1981	% Change 80-81	Avg. Ann. Grw. %
Retail Sales ($000)	1,334,000	1,457,500	9.3	1,577,100	8.2	1,713,000	8.6	1,907,600	11.4	2,042,900	7.1	8.9
Retail Sales (Per Capita)	2,520	2,730	8.3	2,950	8.1	3,207	8.7	3,558	10.9	3,761	5.7	8.3
Personal Disposable Income (000's)	3,338,400	3,706,600	11.0	4,119,500	11.1	4,467,200	8.4	4,944,300	10.7	5,496,000	11.2	10.5
Per Capita	6,200	6,930	11.8	7,710	11.3	8,364	8.5	9,221	10.2	10,117	9.7	10.3
Building Permits (Value - 000's)	209,500	214,600	2.4	183,400	(14.5)	200,000	9.1	218,600	9.3	N/A	----	1.1
Population	529,375	532,900	0.7	533,300	0.1	534,100	0.2	536,200	0.4	543,200	1.3	0.5

Source: Financial Post Survey of Markets: 1976 - 1982

Pannell Kerr Forster Campbell Sharp

Pannell Kerr Forster Campbell Sharp

V ANALYSIS OF COMPARATIVE MARKETS

The public assembly facility industry is diverse and includes a variety of structures such as exhibition halls, arenas, stadiums, convention centres and performing arts centres. The multi-use nature of any public assembly facility further complicates the analysis of market potential. The Hamilton Trade Centre/Arena study required investigation of both typical arena or coliseum type facilities as well as potential exhibition space demand for both consumer and business oriented trade shows.

The degree of diversity within the public assembly facility industry has resulted to a large extent in inconsistent formats for recording and reflecting the operating results of these buildings. Although industry members have been meeting as part of the International Association of Auditorium Managers (IAAM) since 1924, the broad differences in operating styles and philosophies as well as preference for various ownership modes has resulted in minimal amounts of common knowledge being developed for use in forecasting the market potential of these facilities. Hence, a limited amount of consistent and readily accessible information is available for use by analysts. This situation presented many challenges in our attempts to predict potential demand for such a facility.

Nevertheless, the IAAM has facilitated the development of general industry indicators and was a practical source of information regarding market potential and operating statistics.

In addition to accessing this source, the methodology employed in our study has included the analysis of comparable and competitive facilities. We used direct input from knowledgeable operators in the areas of arena management, facility development, concession management and design and the collective experience gained by our firm from similar assignments.

The rationale for this process of reviewing comparable and competitive facilities is based upon the concept of learning from the experiences of other arenas and relating this knowledge directly to the Hamilton competitive market. The dynamics of the competitive market can then be evaluated in terms of opportunities and problems determined by experiences and opinions of knowledgeable resource people.

Therefore, a fundamental element of the study was to determine, by means of analysis, a set of comparable operations from which to gain market insight. This process was further extended by the determination and analysis of the competitive market place in order to define the trade area for this facility. As a result of this process, a list of possible users for the Hamilton Trade Centre/Arena was generated. This demand potential was then tested by means of personal and telephone interviews with the identified users. Discussions with potential users resulted in a determination of their probability of bringing events to the trade centre/arena as well as physical and service needs which would be required to acheive maximum utilization.

Based on an assessment of demand potential, we then created a model of market share penetration for the Hamilton Trade Centre/Arena. This model was refined by development of a simulated calendar of events which was then related directly to an actual calendar year. This process is critical since it tests the feasibility of actually scheduling various events on specific days as well as accounting for appropriate move-in, move-out periods and other technical considerations. As a result of this process, the data was revised to reflect realistic scheduling limitations.

Prior to finalizing our estimate of demand, the simulated calendar of events was tested for reasonableness by exposing it to experienced operators. Further refinements were made and the resultant calendar reflected our final demand estimation for the Hamilton Trade Centre/Arena.

This process of determining demand potential, further refined by market share estimates and culminating in a demand estimation is a fundamental process

EXHIBIT XI

COMPETITIVE MARKETS REVIEWED

PRIMARY MARKET - 100 MILES

Location	Population
Canada	
Brantford	83,400
Burlington	104,315
Cambridge	(included in Kitchener./.Waterloo)
Fort Erie	24,300
Guelph	76,300
Hamilton	543,200
Kitchener-Waterloo	290,300
London	278,000
Niagara Region	310,900
Oakville	(included in Toronto)
St. Thomas	28,300
Stratford	26,300
Toronto	2,906,700
Oshawa	145,300
U.S.	
Rochester N.Y.	793,500
Buffalo (Niagara Falls) N.Y.	1,280,000
Jamestown N.Y.	68,900
Binghamton N.Y.	243,400
Erie, Penn.	225,900

SECONDARY MARKET - 300 MILES

Location	Population
Canada	
Belleville	34,700
Cornwall	44,100
Kingston	93,400
Peterborough	65,600
Sarnia	82,300
Ottawa	750,000
Montreal	2,831,000
Windsor	243,000
*U.S.	
Syracuse, N.Y.	532,600
Albany, N.Y.	683,000
Hartford, Conn.	1,036,900
Newark, N.J.	382,288
New York, N.Y.	17,306,500
Philadelphia, Penn.	5,282,200
Baltimore, Maryland	1,892,800
Pittsburgh, Penn.	2,142,700
Cleveland, Ohio	2,361,100
Akron, Ohio	4,489,100
Toledo, Ohio	566,700
Cincinnati, Ohio	1,421,600
Detroit, Michigan	4,489,100
Scranton, P.A.	225,500
Washington, D.C.	2,964,500

*Some markets are outside 300 mile radius but have been included due to their size or the quality of their facilities.

within our methodology. The findings of these three steps (demand potential, market share, estimation of demand) are outlined later in this report. In the following pages of this section we describe, for information purposes, the process and conclusions of the comparable and competitive market analysis.

Selection Process

A. Comparable Facilities

Based on discussions with the Technical Committee representing the City of Hamilton and a review of drawings provided by the architects, a project profile of the Hamilton Trade Centre/Arena was developed. Drawing upon input from within the consulting team, a list of comparable facilities was developed. This list included a total of fifteen facilities located in Canada and the United States, selected on the basis of their similarity to the planned project and including a mix which reflected the following parameters:

- Canadian and U.S. operations;
- internal and external concession operations;
- NHL, minor league and junior league hockey;
- no professional sports tenants;
- arenas with trade centre components;
- public and/or private ownership;
- public and/or private management.

B. Competitive Facilities

The competitive market was segmented into two regions defined by the following parameters:

- Canadian and U.S. competitive markets; and
- market radius of 100 miles and 300 miles.

On the basis of the above parameters, we generated a list of competitive cities (see Exhibit XI). This list was further refined through discussions with local chambers of commerce, convention bureaux and other knowledgeable parties in the community. These interviews, as well as available statistical data, resulted

in a list of competitive arenas and exhibition facilities which satisfied the parameters noted above. This inventory of facilities included information regarding physical capacities, user characteristics and market population characteristics. Particular attention was paid to the southern Ontario market, specifically the Toronto and Hamilton regions. In addition, the bordering New York State areas of Buffalo and Niagara Falls were also evaluated. By using a "distance decay" factor, we were able to determine the relative competitiveness of various urban concentrations within the 100-300 mile parameter. This distance decay concept essentially assumes that the farther away the competitive market, the larger the size of the arena required to remain competitive. Our interviews later corroborated this concept.

It is also important to note that in viewing competitive markets, we do not suggest that Hamilton's arena can draw from a large urban concentration 300 miles away. On the contrary, these markets represent areas with facilities which attract demand that could otherwise be available to an arena located in Hamilton. This concept is an essential component in determining the market share potential for the Hamilton Trade Centre/Arena. In addition, the impact of real barriers to demand such as an international border (Canada/U.S.) were also factored into the analysis and confirmed by follow-up research.

Various facilities included in the comparable and competitive analysis are outlined in Exhibits XIII through XVI. The general summary of our findings and the implications for the Hamilton Trade Centre/Arena follow.

Analysis of Comparative Facility Data

The information in the following analysis includes consideration of both existing operating results from 15 comparable facilities and operator opinions regarding the Hamilton Trade Centre/Arena facilities. Exhibit XIV at the end of

this section summarizes the scope of these comparable facilities. During our analysis, we were able to obtain information relating to actual operating results which has been utilized in preparing our revenue and expense projections for the Hamilton project. The data was provided to us on a confidential basis and therefore cannot be reproduced in the report. The great diversity of operating conditions, facilities and methods of reporting information which exists among arenas in general and more specifically among the comparable facilities also prevents us from providing any form of summary data. Nevertheless, we were able to use specific data and, once adjusted to reflect differences between markets, the information was integrated into our analysis of this facility. The following comments summarize the general conclusions resulting from our analysis of comparable facilities.

Ownership/Management

Of the 15 facilities researched, eight are publicly owned and operated, four are publicly owned and operated by a private management group, and the remaining three are privately owned and operated.

There are typically a variety of motives behind the development of arena facilities. These motives are also reflected in the organization operating structure and treatment of operating results. Essentially, three viewpoints were expressed by management. The first school of thought considers public assembly facilities, such as an arena, to be beneficial to the public good and therefore operations and pricing are structured in such a way as to stimulate use of the facility by a variety of groups. This group appears to accept negative cash flows in the interests of serving the public.

A second group of facilities operate under similar attitudes, but attempt to minimize deficits through the balancing of events in terms of the public good and other activities which obviously mitigate operating losses.

The third group takes, what we would call, the private sector approach to management and attempts to generate maximum positive cash flows by means of aggressive pricing and marketing, irrespective of so called community "needs".

Clearly, these differing approaches to facility management have an impact upon the marketability and financial results of each arena. Publicly owned facilities which operate under private management are generally profit oriented. Two types of management groups are currently active in this field. The first group can be characterized as a private arena management company and the second group would typically be a major sport tenant actually leasing and operating the facility from the owner. In both Pittsburgh, Pennsylvania and Bloomington, Minnesota, the National Hockey League clubs have entered into lease agreements with the governing bodies to operate and maintain the facilities. In each case, the negotiating ability of the club and the desire by the community to have an NHL franchise resulted in this type of relationship. In Detroit, Michigan and Long Island, New York the arena management groups are independent from any tenants. Our research suggests that these facilities are relatively more active in the promotion and co-promotion of events at the arena. Management contracts of this nature are generally straight lease agreements or percentage of profit, and in some cases a combination of each.

Privately owned and operated facilities are relatively less prevalent than publicly owned arenas. Three privately owned facilities, Madison Square Gardens, The Montreal Forum and Maple Leaf Gardens have been considered in our analysis of comparable and competitive facilities. In these three cases, ownership of the hockey team is also closely related to the facility ownership and according to some observers has a detrimental effect on the marketability of the facility. To clarify this point, we mean that hockey tenants obtain some preference in terms of scheduling which tends to make it more difficult to maximize the potential of other non-hockey events. In the case of at least one facility, the Omni in Atlanta, Georgia, the departure of the NHL hockey team

removed a direct expense drain on arena facilities and resulted in positive cash flow to the owners. However, it should be noted that the Omni also has a successful professional basketball franchise.

In general, our research, as well as the comments of various experienced arena operators, indicated that publicly owned and operated facilities usually experience negative cash flows before deduction of fixed costs. Fixed costs would include debt service, depreciation and various taxes. It was generally agreed by the arena managers interviewed that the operating philosophy of the owning body to a large extent dictates the potential to generate positive operating profits for the arena. Even arena facilities managed by private companies experience cash deficits if operating philosophies dictated by the owning civic body restrict the ability to be aggressive in the market place. The general conclusion was that privately operated arenas or those arenas operated by management contract can achieve profit.

It was beyond the mandate of our engagement to recommend the management philosophy for the proposed Trade Centre/Arena. However, we would suggest that the foregoing comments indicate the need for Hamilton to carefully review the factors associated with this decision. We would also add that should the project be approved in the near future, the question of management must be quickly resolved to ensure maximum time for pre-selling and booking of events.

For the purpose of our analysis we have assumed (with client approval) that competent and effective management will be in place and operating the arena at a reasonable time prior to its opening in order to ensure operational and marketing efficiency. We have further assumed that the City of Hamilton's intent would be to maximize revenues and profit potential from the facility. In this regard, we would characterize the assumed management style as one with a private enterprise orientation with appropriate consideration of community benefit and needs consistent with other relatively successful publicly owned facilities.

Concession Operations

Four of the comparable facilities examined (Meadowlands, Madison Square Gardens, Nassau Coliseum, and Met Centre in Bloomington) have established agreements with private concession operators. In Buffalo, concession rights belong to the NHL club and in both Edmonton and Vancouver the arenas operate as components of large exhibition complexes in which the concessions are operated by the owning authorities. Our analysis of concession facilities included discussions with arena operators as well as direct input from experienced concession firms. Both Harry M. Stevens, a major arena concessionaire in the United States and VS Services, an active concessionaire operator in Canada, provided valuable input during the study.

Data suggests that net concession revenue to the arena varies depending on whether the facility is operated by the arena itself or by an outside concessionaire. It is interesting to note that there are two rather divergent schools of thought on the benefits of internal versus external concession operators. Data gathered during the course of our research and generally consistent with previous findings would suggest that net revenue to the owner could be higher with an internally operated concession facility. On the other hand, the very clear benefits of using an outside concessionaire also demonstrate advantages to the owner. Previous studies have indicated that up to 30% of concession revenue would be remitted to the arena in the case of using an outside concessionaire. When internal forces are used to operate concessions, it has been demonstrated that as much as 50% of concession revenue flow directly to the arena. This scenario would naturally suggest that it is always advantageous to operate concessions internally.

However, our research reveals that there are a variety of intangible costs which are generally not accounted for by arenas operating their own concessions. In addition, the manner in which the concession costs are actually recorded by some arenas suggests that the comparison of internal and external concession operations is rarely consistent in its basis. It is our view, based on the research,

that concession operation is an extremely important question which requires consideration by arena management very early in the development stage of the project.

Our mandate for this study was to consider both internal and external concession operations. Therefore numbers presented in the financial section of this report reflect these two assumptions. We would note that the 30% rent level applied to operated concession facilities is generally consistent with those levels paid in the United States. To some degree this overstates the potential of the Canadian market due to the fact that beer is currently not sold in Canadian arenas.

The level of rent paid by the concessionaire is also directly influenced by the extent of equipment supplied by arena ownership. If concessionaires are required to provide equipment, then the rental term would be extended and some form of reduction in rent level would occur. We have also found as a result of discussions with experienced arena operators that it is unlikely for profits from internally operated concessions to be as high as 50% if full cost accounting were undertaken.

Our research also indicated that the net effect of being able to sell beer in the arenas would be to increase total concession revenue by approximately 20%. This net increase reflects the changes in product sales mix and increased operational costs. In terms of an arena which is currently operating at a marginal level, it would appear to be extremely advantageous if the current trend towards allowing beer in stadiums were to be extended to other public assembly facilities.

As a result of our analysis of comparable facilities and concession operations, we have used a level of 30% net rent to the arena owner if concessions are operated externally. In the case of an internal operation we believe that 40% of total concession revenue would return to the arena operator. In the latter case, we suggest that the 10 percentage point difference is largely illusionary if full accounting for administrative support services were taken into account. In many cases, the decision as to whetner or not facilities should be operated by a

concessionaire or some internal organization has come down to a matter of philosophical preference with regard to a public body being directly involved in an obvious private sector activity such as concession operations.

In establishing our projections for concession revenue we have assumed that if the arena operates its own concession facilities, it will be able to achieve a level of concession management equal to that of a competently run external management company. This assumption is required in order to achieve some form of comparability between the two philosophies regarding concession operations

Physical Facilities and Capacities

Included in the sample of comparable facilities are six arenas operated strictly as such and nine mixed-use complexes which include a trade centre component. Arena seating capacity ranged from 10,000 (Met Centre, Halifax) to 23,000 (for the Lexington Center in Kentucky). Exhibit space ranged from 47,000 square feet (Halifax) to 86,000 square feet in Vancouver's Pacific Coliseum.

In drawing analogies to the Hamilton concept of a trade centre/arena and some form of operational link to the existing convention centre, several mixed-use facilities were selected for analysis. The Hartford Civic Center is located downtown and also includes an arena, convention centre and 300,000 square feet of commercial/retail space. Joe Louis/Cobo arenas in downtown Detroit are part of Detroit's Cobo Hall complex which includes 400,000 square feet of convention space. The Lexington Center in Kentucky includes a retail component, adjacent convention centre, theatre and hotel. The Greensville Coliseum in North Carolina jointly operates its arena with an exhibition facility under one roof but designed in a manner which creates two individual and distinct facilities. In the case of the Nassau Coliseum in Long Island, New York, the arena complex also contains a separate 60,000 square foot exhibition facility.

General discussions with operators of these arenas and other experienced trade centre/arena managers has indicated that while the multi-use nature of the Hamilton complex has some advantages, there are a variety of scheduling and practical planning implications that often make a multi-use facility less than ideal as a trade show venue. In most cases operators would prefer a separate exhibition facility rather than contend with the operating difficulties of converting arena space for trade show use.

In the course of our research it also became clear that the success of a trade centre/arena is not necessarily dependent upon its multi-use nature. Many operators indicated that the trade show component was, in fact, a very low profit generator, and used, if possible, to fill in off-peak periods. Trade show demand usually occurs during periods of high demand for arena use. In many cases the intended multi-use nature of a facility has evolved to one of strict coliseum or arena use by virtue of greater opportunities to generate positive cash flows. It is generally assumed that if the market is strong enough to support an arena complex, the trade show component can be considered an add-on which is not critical to the ultimate success of the facility.

Events and Attractions

Exhibit XIV presents an Event Summary for the comparable arenas analyzed. These arenas operated between 110-280 days per year and generated 150-400 total events. The higher utilization levels occured in mixed-use facilities which were designed to contain separate exhibition components. As a result, such facilities have the capability of operating more than one event at a time or to overlap arena with trade and convention uses. Our research also indicated that arena profitability is not only a factor of volume but also the mix of events and attractions. A highly utilized facility is not necessarily the most profitable.

The range of uses within facilities and facility types varies minimally. Arena uses include both professional and amateur sports, concerts, circus, family shows and special events such as rodeos, ice shows and religious events. Mixed-use facilities augment this mix with trade and consumer show demand.

The number of events which a trade centre/arena can attract is dependent upon market conditions, competitive forces and the quality of facilities it has available. For example, operators indicate that they can attract from 20 to 40 rock concerts per year. However,the magnitude of rock concert activities is generally dependent upon the promoters of the event and how they perceive the market. An additional consideration is the manner in which event promoters and performers are treated by arena management. A supportive arena management and technical group enhances an arena's competitive position for attracting major events. Also important to maximizing demand is arena design. Experience has demonstrated that a properly planned arena and trade centre facility with efficient and adequate facilities can successfully penetrate competitive markets. Our research indicates that management style and quality of facilities will be critical to the success of Hamilton's proposed Trade Centre/Arena within the Toronto/Hamilton/Golden Horseshoe market area.

Disussions with operators indicate that few, if any, facilities are able to operate successfully without a major sport tenant. In the Canadian market, this condition would suggest hockey. Many U.S. facilities have been successful with professional basketball and in some cases only university sports. In certain markets, college basketball has outdrawn professional sports in terms of attendance. It should be noted, however, that this phenomenon has been restricted to the United States and has not been demonstrated in the Canadian market to date.

A permanent sports tenant guarantees the facility a minimum number of events and revenue. Operators have indicated that it is this continuity that allows them to provide for a permanent level of staffing which ensures appropriately trained and motivated employees to properly handle other events when opportunities arise. On the other hand, sports such as professional hockey and basketball require a significant number of dates, for which higher revenue generators might have been attracted. However, scheduling difficulty arises when an operator attempts to replace 45 nights of professional sport with other uses.

In general, operators suggest that a large portion of this lost revenue can be replaced but that the total number of event days and overall revenue potential from a permanent sport tenant is extremely difficult to approximate through other uses.

Revenues

Event Revenues

Arena and trade centre revenues are generated from a variety of sources. If designed properly, an arena can achieve significant additional revenues from such components as executive boxes, signage and in the case of Hamilton, retail space. In general, the major source of income is rental revenue obtained either on the basis of a lease agreement or as a percentage of gate receipts for specific events.

Generally, an arena charges a minimum rent or percent of ticket sales, whichever is higher. For trade centre or exhibition use, a flat rental fee is charged, based on competitive rates. Within broad categories a variety of arrangements are common and creative management has demonstrated an ability to increase the revenue generating potential of a facility through other activities such as co-promotion of events or profit margins built into recoverable charges against each event. Recoverable charges include such services as ushers, security staff and medical staff which are required to administrate the event and are considered directly related to that activity and thereby absorbed by the event organizer.

Rental revenues often represent up to 50% of a facility's total income. However, it should be noted that a variety of arrangements with respect to rental potential exist. Often the maximum revenue benefit of a major sport tenant is minimized by the nature of the contract concessions given to team ownership in order to obtain them as building tenants. For example, in one case examined, the arena actually lost money after accounting for all expenses associated with the rental received from an NHL hockey team. A current

example of the variability of rental rates would be an extremely popular rock group which can negotiate highly advantageous rental and concession arrangements by virtue of the guaranteed sell-out factor.

Therefore, it is evident that typical rental rates expressed as a percent of revenues vary depending on the nature of the event and the negotiating power associated with the performance. In our analysis, a variety of rental rates have been used in order to reflect typical market conditions rather than apply an across-the-board rental figure.

Concessions

The second major revenue generator among comparable arenas is concession operations. In fact, some arena operators have suggested that they are primarily in the concession business. As discussed previously, net revenue from concession sales can range between 30%-40% of total concession income depending on whether the facilities are operated externally by a professional concessionaire or internally. Typically included in concession revenues are food, beverage, novelties and sundries sales. Our analysis of concession data suggests that if beer were available in arenas, total concession sales could be increased by approximately 20%. This figure represents the net effect after soft drink sales are adjusted downward and food sales adjusted upwards to compensate for the effect of beer sales on the total concession revenue mix.

Extremely important to maximizing concession revenue is concession facility design. Properly planned concession placement and an adequate number of outlets can result in substantial revenues to arena owners. The primary planning issue for maximizing concession revenue potential is service speed. To achieve optimum volumes, the concessions must be conveniently located, numerous (a rule of thumb being 1/1,000 seats) and efficiently designed. It was therefore critical to our analysis that the revenue generating potential of the concessions, as planned, be reviewed. This step was undertaken rather than merely apply a per capita expenditure to attendance projections because the relationship of facilities layout and concession revenue is interdependent.

As a result of reviewing the current design drawings, certain weaknesses in concession planning were identified to the architectural consultants. In addition, we also provided input from a professional concession design firm operated by the Harry M. Stevens Company of New York. H.M. Stevens is one of the foremost concession operators in North America and its subsidiary company has designed a multitude of concession facilities throughout the United States. This input was provided to the architects. The effect of these suggestions and resultant design response from the architects, has positively influenced our projections for concession operations.

Our analysis has also indicated that an additional system of vendors servicing the seating area (stand vendors) is preferable and in fact critical to maximizing concession revenue potential. Statistics indicate that stand vendors can account for between 2%-5% of total concession revenues. In addition, the sale of souvenirs and sundries has become an increasingly important element of arena concession sales. Typical souvenirs such as programs and hockey related memorabilia are now augmented by specific event related items such as T-shirt sales for rock concerts. Souvenirs typically account for as much as 20% of total concession revenues and represent an extremely profitable component.

Other Revenue Sources

Additional revenue sources are dependent upon appropriate pre-planning. For example, corporate boxes create an opportunity to generate significant revenue for the arena, but are dependent upon having a major sport tenant in residence. Advertising revenues can also be significant but again are somewhat dependent upon the quality of events occurring in the arena. Marketing statistics indicate that it is difficult to make a case for the high prices charged in the arenas for advertising, however, there are a variety of advertisers who consistently pay these sums despite the fact that they get greater exposure in other mediums. Advertising is an extremely variable revenue source ranging from levels under $100,000 to a maximum of over $1.5 million in one recently-opened arena. It was generally agreed by the various operators we interviewed, as well as

several major advertisers, that without a major sport tenant, advertising revenues are likely to be less than half the potential revenue generated, in an arena occupied by an NHL team.

Creative management groups in specific arenas have also been able to develop additional revenue sources through cable and TV rights sales as well as development of production facilities for Pay-TV broadcasting. Further sources of revenue include co-promotion of events in which the arena management joint ventures with a promoter in order to increase potential revenue. Our research suggests that if properly managed, this source of revenue can be extremely lucrative although the obvious risks associated with misjudging market potential can have significant effects on the arena cash flow.

Implications for Hamilton

Our research reveals that mixed-use facilities such as the one planned for Hamilton can be important enhancements to a community, make a financial contribution to debt service and further create significant indirect benefits in terms of job creation, quality of life, and local image. However, this potential depends to a great deal upon the competition faced in the market place. In some cases an attempt to create a multi-use facility has resulted in a series of compromises which have lowered the overall attractiveness of each component. The resultant decline in efficiency has a significant impact upon operating expenses as well as preference for use among various event organizers. Such potential always exists when a multi-use facility is planned. Our review of the architectural drawings has indicated some areas of design compromise. However, after extensive discussion with various individuals involved in the planning process, it is our opinion that there appear to be no insurmountable barriers to the creation of a relatively efficient trade centre/arena operation.

We have assumed that where limitations exist they can be overcome. For the purposes of financial analysis our interpretation of market conditions and resultant projections are based on this assumption.

The results of analysis conducted with comparable facilties strongly suggests that a market opportunity exists. The magnitude and financial implications of this opportunity are discussed in the following sections of our report. Nevertheless, a review of facilities and markets with some comparibility have indicated no serious barriers to revenue maximization and adequate market penetration.

In our opinion, Hamilton's Trade Centre/Arena could capture a share of market consistent with well managed and successful, comparable facilities. As designed, and assuming the integration of consulting input to date, we believe that the complex will be able to attract a wide variety of events. We would also note that although the revenue levels attained are dependant on regional market conditions, the volumes and operating costs should also be consistent with successful, comparable facilities.

The primary issue that evolves from our analysis of comparable facilities is that of a major sport tenant. In our opinion, the attraction of an NHL franchise is critical to ensuring maximum revenue potential in relation to the expenditures associated with the project. Whereas it is not essential to operational success that an NHL franchise or major sport tenant be obtained, the alternative creates a significant marketing and management burden and severely reduces the opportunity to achieve positive cash flows of any magnitude to service the debt.

EXHIBIT XII

COMPARABLE FACILITIES - SAMPLE BREAKDOWN

	Concessions		Professional Sports Tenants				Ownership		Management		Facility		Capacities	
				Hockey									Arena Use	Exhib. Use
	Int.	Ext.	None	NHL	Minor	Junior	Private	Public	Private	Public	Arena	Mixed Use	Seating	Sq. Ft.
CANADIAN														
Vancouver														
Pacific Coliseum	x			x				x		x		x	17,000	86,000
Edmonton														
Northlands Coliseum	x			x				x		x		x	17,300	70,000
Montreal														
Forum	x			x		x	x		x		x		16,000	
Halifax														
Metro Centre	x				x			x		x		x	10,000	47,000
UNITED STATES														
Buffalo, N.Y.														
Memorial Auditorium		x		x				x		x	x		18,079	
Detroit, Mich.														
Joe Louis/Cobo Arenas	x			x				x	x		x		22,000	
Pittsburgh, Penn														
Civic Arena	x			x				x	x			x	17,000	70,000
Bloomington														
Met Centre		x		x				x	x		x		17,000	
Lexington, KY														
Lexington Centre	x		x					x		x		x	23,000	69,000
New York, New York														
Madison Square Gardens		x		x			x		x			x	20,000	30,000
Long Island New York														
Nassau Coliseum		x		x				x	x			x	16,750	80,000
East Rutherford, N.J.														
Meadowlands		x		x				x		x	x		20,000	- -
Greensboro, NC														
Coliseum	x		x					x		x		x	16,000	60,000
Hartford, Conn.														
Civic Centre	x			x				x		x		x	16,500	70,000
Atlanta, Georgia														
Omni	x		x				x		x		x		17,300	
	10	5	3	11	1	1	3	12	7	8	6	9	10,000	47,000
													(Range) -23,000	-86,000

EXHIBIT XIII

COMPARABLE FACILITY OVERVIEW

NAME AND ADDRESS	MAJOR TENANT	OWNERSHIP	MANAGEMENT	SEATING	AREA	EVENT/DAYS	EVENT/TYPES	PERFORMANCES (TOTAL EVENTS)	REVENUE SOURCES
1. Bloomington Nat. Centre Minnesota *Bob Reid (612) 853-9354	NHL hockey team Minn North Stars	state owned	oper by hockey team - orig built by team now lease back from state	15200 arena 1600 temp 16800 max.	16000 arena 10000 up. conc. 3000 low conc. 30000 max.	176	95	204	- lease revenue from team - no advert. (handled by tm.) - concessions by ARA (rent to team) - no retail - no corp. boxes
2. Pittsburgh Civic Arena *Josh Mathison (412) 642-1800	NHL hockey team Pitt Pong (college sports & ind. soccer)	publicly owned	oper by hockey team (50 yr. lease)	16053 arena 1447 temp 7500 max.	20000 ice below 35000 ice surf. 55000 max.	196			- lease revenue from team - corp. boxes - concessions (50%)
3. Lexington, Kentucky *Mr. Thomas Minter (606) 233-4567	U of K basketball	public	non-profit private org. with gov't support	23000 + 1100 theatre + (400 rm htl)	70000 conv. hall adjacent 70000 retail	110			- concess. (oper. their own) - retail lease revenue not considered in arena rev. - rent revenue from arena
4. Omni Atlanta *Mr. Rob Williams (404) 681-2000	NBA	private	private	17300		180			- concessions - pricing - lease revenue
5. Greensboro Coliseum Greensboro, North Carolina *James Calvert (919) 294-2140	wrestling College B. ball	public (municipally)	public (municipally)	16800	60000 arena (+70000 exhibit. hall	130			- rental revenue - concessions (operated int.) - parking
6. Halifax Metro Centre Halifax, N.S. *Dave Stephenson (902) 420-8000	Am. league NHL farm team college ball curling	public (provincially)	public (provincially)	10000	47000 ex con	240			- lease revenue from Mtl. Can (rel farm team) - other rental revenue
7. Edmonton Northlands Coliseum	NHL (Edm. Oilers)	public	public	17300 18500 max.	85000 sm fl. 45000 sm conc. 21200 up. mez.				- lease revenue - concessions (oper. int.) - advertising revenue - no corp. boxes - no retail revenue

	NAME AND ADDRESS	MAJOR TENANT	OWNERSHIP	MANAGEMENT	SEATING	AREA	EVENT/DAYS	EVENT/TYPES	PERFORMANCES (TOTAL EVENTS)	REVENUE SOURCES
8.	Pacific Coliseum Exhibition Park Vancouver, B.C. *George Greenwood (Mgr.) (604) 253-2311	NHL (Canucks)	public (municipal)	public (provincial) Board of Directors	15000 17000 max.	86000	200 - 250			- lease revenue - advertising - commercial retail space - concessions - parking
9.	Montreal Forum Quebec *Larry Grandison	NHL (Canadiens)	private	private	18000					- lease revenue - concessions
10.	Nassau Coliseum Long Island, New York *Mr. Earl Sammartin	NHL (Islanders) & Aeros (soccer)	public	private	15000 arena 17000 max.	60,000 (exh. hall)	205		229	- lease/rental revenue - concessions
11.	Meadowlands East Rutherford, N.J. (Brendan Byrne Arena) *Mr. L. Smith	NHL & NBA	public	public	18700 B. Ball 19000 hockey 21000 max.	55000				- lease/rental revenue - concessions - private boxes - advertising
12.	Joe Louis/Cobo Arenas Detroit, Mich *Mr. Art Whalen	NHL - College Basket Ball	public	private	12027 Cobo max. 21500 Joe max. 33527 MAX	22472 Cobo 27600 Joe L. 50072 MAX (Cobo Exh Area) 396425			120+	- lease/rental revenue - concessions - 61 private booths - advertising other
13.	Buffalo Memorial Aud. Buffalo, N.Y. *Mr. George Gould	NHL & Indoor Soccer	public	public	17100 max	ice surface only			166	- lease/rental revenue - all concessions, adv. operated by NHL team, no revenue to club
14.	Madison Square Gardens New York, New York					70,000	280	200 (Arena Uses) 400 (Convention uses)		- lease/rental revenue - concessions - cable TV
15.	Hartford Civic Centre Hartford Conn. *Mr. Frank Russo	NHL	public	public	16500					

Pannell Kerr Forster Campbell Sharp

Pannell Kerr Forster Campbell Sharp

EVENT SUMMARY - COMPARABLE FACILITIES

Arena	Total Events	Summary Event Days	Event Types	Major Tenant	Amateur Athletics	Boxing Wrestling	Total Sports	Concerts	Circus	Ice Shows	Rodeo Family	Other	Trade Shows
								25		18	SR SF	49	
1) Bloomington	204	176	95	(Hockey) 45	12	(B) 5	62 (9,350)	(Rock 20 Other 5)				31 Retail Sales Shows 12 Religious 3 Grads 3 Truck Pulls	
2) Lexington		110		College B. Ball 20				24 Rock					
3) Pittsburg Civic Arena		196		NHL 44 - 48 Soccer 22 - 30			66-78	20-30			4 - 5		None
4) Omni, Atlanta		180		NBA 43		(W) 24		40	73	73	73		
5) Greensboro		130		College B. Ball		(W) 16 - 22 (W)		20-22					
6) Halifax		240		AHL									
7) Northlands (Edmonton)				NHL 45 - 50				24+	2/Yr	5(2 per nt.)	2 R		4-6
8) Pacific Col. Vancouver		200/250		NHL 42				29 25 Rock 4 C & W	1-2 /yr	1/yr	1/yr	1-3/yr	4 apt gds bt/gft/ Ms & Grd 3 dys ea = 12 days
9) Montreal Forum	150-200			NHL - 50				30+					
10) Nassau Col. NY State	229	205		NHL 55 NBA 1 Soccer 28	4 (B. Ball)	W 6/yr Boxing 1	95	30	5 dys = 11 Perf.	3 dys = 9 Perf.	(F) Sess. Dr. 29,000 (F) Mrch Bnd 3,500 (F) Glb Trts 12,030	1 Relig. 4 Exmo	21 Events 68 Days
11) Meadowlands (to come)				NHL 43 NBA 42 NCAA... B. Ball 8									
12) Madison Sq. Gardens													
13) Joe Louis Arena			120	NHL 45-48 College B. Ball-20		X		X	X	X	X	X	NONE
14) Hartford Civic Centre	200 (Arena) 400 (Convention Ctr) 280			NHL 45-48 College B. Ball-20 Pro B. Ball - 4		X		30	X	X	X	X	X
15) Buffalo Memorial Audit.	161			NHL - 50 Ind Socc -22		B. Ball-7 Wstl.-11		25				46	NONE

VI ANALYSIS OF COMPETITIVE FACILITIES

Using the geographical areas and markets defined in Section V, we have determined those facilities that would be directly or indirectly competitive to the proposed Trade Centre/Arena Interviews with the management of these facilities enabled us to determine the extent of competition which each represents. In addition to these interviews, we contacted individuals associated with proposed projects which may represent future competition to the Hamilton facility.

Our analysis of competitive facilities strongly indicates that the primary markets are southern Ontario and to a lesser extent, in Western New York, including Buffalo, Rochester and Niagara Falls. Our preliminary research suggests that facilities operating in geographical markets beyond these areas do not represent realistic sources of demand or influential competition with the exception of significant or special events and attractions. For each major event type we have analyzed the competitive facilities in these markets and have determined the implications for Hamilton's Trade Centre/Arena. Exhibits XV and XVI highlight the data gathered through our discussions with management of these facilities.

Hockey - Presently the only facility in Ontario offering regularly scheduled NHL games is Maple Leaf Gardens in Toronto. Assuming the City of Hamilton is successful in obtaining an NHL franchise, there will be some degree of competition with Toronto for hockey fans. Buffalo, New York will also compete to some degree with Hamilton as a result of the existing NHL team in that city. However, Buffalo Memorial Auditorium, (home of the Sabres), is considered secondary competition for the southern Ontario Hockey market due to the distance from Hamilton.

The potential exists to attract fans from outside the immediate Hamilton area to NHL games for a variety of reasons. It would seem probable that rivalries would be established between Hamilton and both the Toronto Maple Leafs and the Buffalo Sabres. Fans from each city could be expected to follow their home team clubs to Hamilton for games. Attraction of fans from outside the Hamilton region will be limited by both the Buffalo and Toronto clubs, whereas

residents of communities such as Oakville or St. Catharines, will be forced to make a conscious decision between their past affinities (Toronto and Buffalo) and their willingness to support a Hamilton Team.

If Hamilton were to operate with an Ontario Hockey League (OHL) team, primary competition would result from the Kitchener and Brantford arenas since both have OHL teams. As a result, Hamilton's attraction for attendance from these areas would be much more limited than with an NHL club. Similarly, St. Catharines hockey enthusiasts could also be limited from attending American Hockey League (AHL) games in Hamilton due to loyalty for their own home team. In addition, the average attendance at OHL or AHL games is significantly less than that for an NHL club. Therefore, the Hamilton arena with either an OHL or AHL team will rely primarily on its local residential market for attendance with some external demand generated by fans following their home team.

Concerts - Included in this type of event are rock, middle of the road (MOR) and country and western performances. There are four major types of forums in the competitive market area serving as venues for these events. These include indoor facilities capable of seating more than 10,000 people; indoor venues with seating capacities under 10,000; outdoor stadiums accommodating more than 10,000 people; and outdoor forums with a maximum seating capacity of 10,000 people.

The proposed trade centre/arena in Hamilton will be unable to compete with outdoor facilities chosen by promoters who are attempting to maximize seating capacity and flexibility. Rock groups requiring large audiences to ensure financial return over shorter tour dates will play the larger outdoor stadiums such as Rich Stadium in Orchard Park, New York, CNE Stadium in Toronto, and Ivor Wynn Stadium in Hamilton.

Smaller, outdoor forums such as Ontario Place in Toronto, Pine Knob outdoor amphitheatre in Michigan and Art Park in Lewiston, New York cater to performers who tour more frequently playing to audiences under 10,000. These

performers show a preference for outdoor facilities or more theatre-like indoor facilities. Therefore the Hamilton Trade Centre/Arena would not expected to compete directly with these forums.

Maple Leaf Gardens and the Buffalo Memorial Auditorium will be primary competitors for larger concert acts requiring more than 10,000 people. This competition will take place primarily during the winter months as neither the Gardens nor the Auditorium is air conditioned to facilitate a significant number of summer indoor concerts. This situation should present an advantage to Hamilton's proposed facility. In addition the difficulty in obtaining preferred dates at the very busy Maple Leaf Gardens provides an additional competitive advantage for Hamilton. Research has indicated that concert acts popular enough to require facilities of this size have enough attraction to play each of three markets within a single season.

The potential for the Hamilton Trade Centre/Arena to attract the large scale concerts is considered very positive because of the size envisioned for this centre and the alternative that such a facility offers local promoters within the Golden Horseshoe market area. The size, 18,000 seats, is larger than both primary competitors and the geographical location enables events to attract markets from both competitive cities.

However, Hamilton's Trade Centre/Arena will require a highly professional level of management which can demonstrate an ability to attract large scale concerts to Hamilton through negotiations with outside promoters. Contact with promoters will ensure, to some extent, that Hamilton itself can be established on the circuit of tours preferred by concert performers. Assuming this initial challenge can be overcome, the Hamilton facility will present a viable alternative to these performers. With the trend in concerts turning toward shorter tours requiring larger audiences, the Trade Centre/Arena will qualify as a primary venue to meet this demand.

The Hamilton facility will also provide an acceptable venue for concerts playing to audiences under 10,000 people. For this format primary competitors include Maple Leaf Gardens, the colliseum at the Canadian National Exhibition, the

Kitchener Memorial Auditorium, Massey Hall and the O'Keefe Centre in Toronto, and Hamilton Place. The proposed Trade Centre/Arena could be a suitable facility for this type of event assuming the design of the building allows for proper accoustics, and can be structured so that performers and audiences perceive the facility as something smaller than an 18,000 seat arena. This format has been extremely successful in a number of other markets. Hamilton Place could potentially lose some of its present acts to the new trade centre/arena. Promoters have indicated that certain performers may prefer one single performance at the arena as opposed to performing at Hamilton Place over two or three evenings. In this instance we suggest that some form of co-ordination and co-operation be structured between the management of Hamilton Place and the proposed trade centre/arena to ensure policies and procedures beneficial to both facilities regarding attraction bookings.

Other Events - Included in this category are events such as family shows, the circus, ice shows, rodeos, religious gatherings, festivals and individual sporting events. Each of the competitive facilities interviewed and inventoried would be primary competition for some portion of the "other event" category. Generally, these events rely on demand generated locally. However, Hamilton's facility will be new and will contain the largest number of arena seats in the competitive market thereby placing it in an advantageous situation. We believe that these attributes, combined with competent management, provide an opportunity for the facility to compete successfully and to achieve strong levels of demand from both the local market and those markets surrounding it.

Trade Shows - For trade show demand, primary competitors include: the International Centre in Toronto, indoor facilities at the Canadian National Exhibition in Toronto, the currently under construction Toronto Convention Centre and Hamilton's existing Convention Centre. Ideally trade shows are held in facilities offering single storied, unobstructed rooms with easily accessible loading/unloading areas. The Hamilton project is expected to accommodate these design considerations and therefore can be directly competitive. However, existing facilities such as the International Centre and the buildings

at Canadian National Exhibition offer a larger trade show floor. Size will limit the type of shows that the Hamilton Centre can accommodate. The Toronto Convention Centre will be oriented primarily toward the convention market however management is also expected to emphasize trade and consumer shows and this will present even further competition.

Secondary competitors will be the Kitchener Memorial Arena, Brantford Arena and Garden City Arena in St. Catherines. Smaller trade and consumer shows are held at these arenas and as such will be competitive. Operators in U.S. based facilities have indicated that there is very little cross-border demand for trade and consumer shows and, in our view, these facilities will have minimal impact. As a result of interviews with national, regional and local trade show management organizations, it would appear that Hamilton is considered a secondary location for events with an orientation beyond a regional scope. These trade show organizers do not consider the proposed Trade Centre/Arena as a natural extension of Hamilton's Convention Centre. Therefore, we expect that the Hamilton Convention Centre and the new Trade Centre/Arena will be somewhat competitive for trade and consumer shows.

Our research indicated that the market areas for Hamilton's proposed trade centre/arena complex will be primarily local. To some extent the adjacent region to the south and west will represent a secondary source of demand. The primary orientation is expected to be consumer shows. Such events as the Boat Show, Car Show, Home Show etc. can be successfully staged in these facilities. Such events, as well as the industrial show are obvious users of the trade centre and organizers have indicated a desire to utilize the facility. Although a portion of this demand represents a loss to the convention centre, there are clearly physical advantages to using the Trade Centre/Arena which will provide an opportunity for these events to expand in scope and scale.

Despite the initial loss of several consumer-oriented and one industrial trade shows we believe the ultimate effect upon the convention centre will be beneficial. The convention complex is considered too small by several trade

show organizers. Hence market opportunities for trade shows will be improved by development of the Trade Centre/Arena. To some extent, this will result in space availability at the convention centre to better accommodate conference and convention uses.

In addition, the trend in convention planning is increasingly toward a mix of conference and display activities. Therefore, the addition of a trade centre component provides Hamilton with an opportunity to compete more effectively. The distance between the two buildings is a disadvantage and hence presents a marketing challenge. However, on balance, the net effect on the convention centre from the develpoment of the Trade Centre/Arena is expected to be both beneficial and complementary.

It is also important to note that the competitive impact of the arena upon the existing convention centre will be influenced by the nature of a sport tenant. The presence of a professional and/or semi-professional hockey league tenant limits the scheduling potential for trade show use. Our review of market conditions and development of an estimated event schedule indicates the ability to accommodate a limited number of trade shows if at least one full time hockey tenant is assumed. This situation occurs because the prime trade show market periods often coincide with the hockey season.

Without a major sport tenant, the trade centre orientation of the arena can be extended and would result in some increased competition for the Convention Centre. However, in general, the overall effect of the proposed trade centre/arena will be to enhance trade show potential for the City, as well as complement the convention centre's ability to attract groups requiring both conference and display activities.

Proposed or Rumoured Competition - Studies are currently being conducted to determine the feasibility of expanding the facilities for the Kitchener Memorial Arena and Toronto's CNE Stadium. St. Catharines is rumoured to be considering an expansion of its Garden City Arena should the St. Catharines Saints decide on

a long term relationship with that City. The owner of the Niagara Falls Sheraton Hotels is also conducting a study to determine the feasibility of developing a 60,000 square foot, 6,000 seat arena, trade centre and recreation complex. In this instance, the 20,000 square foot ice surface would be used for trade shows. Marineland and Game Farm in Niagara Falls has been rumoured for a 16,000 seat indoor/outdoor stadium for the purpose of marine shows and concerts. Each of these proposed or rumoured projects, should they be developed, will present an increase of competition for concerts, shows and other types of events in this market.

The arena expansion contemplated for St. Catharines would enable that facility to accommodate a larger audience for the hockey season, expand its trade show facilities and increase its attractiveness for concert performers who play to audiences under 10,000 in size. Therefore, the degree of competition presented by the Garden City Arena is expected to remain minimal for Hamilton's Trade Centre/Arena with the exception of the smaller concert market.

The Kitchener Memorial Auditorium is currently under study for an expansion of its facilities to include a trade centre component. The City of Kitchener had considered acquiring an NHL franchise a few years ago but rejected the idea due to the limitation of facilities at the auditorium. Should the expansion considered for this venue materialize, Kitchener's desires for an NHL franchise could become revived once again. This scenario is highly speculative but is being noted to indicate a possible primary competitor for NHL hockey markets. The addition being studied for Kitchener's Auditorium also includes a trade centre. At this time, the size envisioned for this component is uncertain. However, the fact that another trade centre is being proposed for a site within the Hamilton market area represents potential competition for the Hamilton Trade Centre/Arena.

Exhibition Stadium at the Canadian National Exhibition in Toronto is currently under study to determine the most appropriate alternative for this facility. Under consideration is the possibility of a domed stadium to facilitate the

existing professional baseball and football clubs. A covered stadium could also present another major indoor forum for year-round concerts, trade shows and special events such as the circus, sport events, rodeos, in the southern Ontario market. Such an outcome would present direct competition to the Hamilton Trade Centre/Arena for most events excluding hockey. If the domed approach is pursued for this stadium, not only will it impact the non-hockey events planned for the Hamilton Complex but also similar events at Maple Leaf Gardens. Therefore, the Hamilton facility could encounter another direct competitor that could also present a viable alternative to Maple Leaf Gardens. Since our research revealed a preference by most promoters to have an alternative to Maple Leaf Gardens, the domed stadium at the CNE could fulfil this position effectively. The fact that this new viable alternative is located in Toronto could very likely present a substantial degree of competition to the Hamilton facility for all but is localized demand.

The studies underway for the owners of the Sheraton Hotels in Niagara Falls are not yet complete. Therefore, we are unaware of the intentions and timing of any contemplated expansion. However, another 60,000 square foot trade centre within Hamilton's competitive market area could preclude a portion of this market for trade shows in Hamilton. In addition, the arena component envisioned in the project could enable the City of Niagara Falls to obtain either an Ontario Hockey League franchise or an American Hockey League club for its facility. Should this scenario materialize, combined with Hamilton's possible need for a similar type of hockey club, the potential for the trade centre/arena to attract hockey markets from this area could be minimized.

Marineland and Game Farm's contemplated expansion has been rumoured for quite some time although its probability of development still remains undetermined. If this project materializes, it could present a direct competitive factor to the Hamilton Trade Centre/Arena for concerts, other special events and possibly trade shows or display forums.

Implications for Hamilton

As a result of our competitive interviews we have ascertained that the Hamilton Trade/Centre Arena will be able to attract markets from areas within southern Ontario, and to a lesser extent, western New York. From Oshawa to London and south to Buffalo there exists a total market area of six million people. Currently this market area has a variety of alternative facilities for viewing sports events, concerts, special events and trade shows. However, our research has indicated that the Trade Centre/Arena proposed for Hamilton has the potential to successfully penetrate this market area. Levels of utilization at existing facilities and market attraction to existing events are indicators of the need for another venue to hold various events. Through our research we discovered little evidence of low attendance or further lack of demand for events typically associated with trade centre/arenas.

With respect to an NHL franchise, the market area has only two choices to view professional hockey, namely Toronto, and Buffalo. Seasons tickets sales have traditionally been strong at Maple Leaf Gardens indicating a high level of demand for NHL hockey in the southern Ontario market. Recently, the Buffalo Sabres Club has experienced a decrease in its season tickets sales, a function of local economic conditions as well as perceived reluctance on the part of the Canadian markets to pay a premium for tickets which are paid in U.S. dollars.

Since it has been established through our interviews that both Toronto and Buffalo attract markets from cities located between these two major centres the probability of an NHL club in Hamilton to attract from this same market is quite high. Similarly, promoters of concerts and other events could take advantage of this vast market area to reduce the distance factor involved in locating in other cities and increase the product (event) awareness. Instead of an event occuring only one night in Toronto for example, another performance could be added in Hamilton thereby increasing the probability of profitability to the event promoter.

The Hamilton Trade Centre's/Arena's ability to generate outside markets could be enhanced by the Go Train extension to Hamilton as well as its convenient location between Toronto and the Niagara Peninsula. However, aside from the issue of scheduling events to meet market demand, the facility's policies and procedures for these events will have a direct bearing on market acceptance. For example, scheduling rock concerts with only general admission tickets (ie. non-reserved seating) could have negative consequences for those waiting in line as well as the physical location of this line in relation to immediate surrounding facilities. Security at events must also be enforced to maintain order. The Trade Centre/Arena's reputation will also be critical to attracting events and ensuring market support for these events.

The management selected to operate this new complex must first be aware of the strengths and weaknesses of the existing competition as well as be aware of potential future competition. With these objectives adopted on an on-going basis, the Hamilton Trade Centre/Arena has the potential to establish itself successfully in the market place.

EXHIBIT XV

HAMILTON ARENA/TRADE CENTRE
INVENTORY SUMMARY - COMPETITIVE FACILITIES

Name and Address	Major Tenant	Ownership	Management	Seating	Area	Event/Days	Event/Types	Performances (Total Events)	Revenue Sources
Rochester Community War Memorial Rochester, New York Mr. Arthur Deutsch (716) 428-6600	AHL Team	Public (Munic.)	Private Gladiux Corp.	Hockey: 7,100 Shows: 10,000 Ftvls: 12,000	50,000 sq.ft.	180-240	10	180-240	Fixed dollar amount rent; % of event and concess. revenue. All paid by the mgmt. co.
Brantford & District Civic Centre Market St., Brantford Ms. Thelma Learn (519) 752-6541	OHA Team	Public (Munic.)	Public (Munic.)	Arena: 3,000 Aud: 400	45,000 sq.ft.	65	8	65	Adv. & Concess rent from hockey teams; % of other events and ice rentals
Kitchener Memorial Auditorium 400 East Avenue Kitchener, Ontario Mr. Gib White (519) 885-7170	OHA Team Jr. B. Tm. Univ. Hockey	Public (Munic.)	Public (Munic.)	Arena: 6,300 Concerts: 7,100	16,000 sq.ft.	110	14	120	Hockey rent, concess revenue % of event revenue
London Gardens R.R. #4, London, Ont. Ms. Helen Jenner (519) 681-0800	OHA Team Jr. B. Team	Private	Private Howard Darwin & Claude Bennet	Arena: 4,735 Shows: 6,235	16,000 sq.ft.	87	5	90	Hockey rent, Concess revenue, % of event revenue

Name and Address	Major Tenant	Ownership	Management	Seating	Area	Event/Days	Event/Types	Performances (Total Events)	Revenue Sources
Memorial Arena 5145 Centre St. Niagara Falls, Ontario Mr. Norman Tessen (416) 357-5442		Public (Munic.)	Public (Munic.)	Arena: 2,970	16,000 sq.ft.				Ice rentals & Canc. % of event revenues
Garden City Arena 320 Geneve St. St. Catherines, Ontario Mr. Bob Christie (416) 937-7210	AHL Team	Public (Munic.)	Public (Munic.)	Arena: 3,100	16,000 sq.ft.	50-60	6	50-60	AHL Team rent, % of concession revenue, ice rentals
International Centre 6900 Airport Road Mississauga, Ontario Mr. Randy Franklin (416) 677-6131		Private Mr. S. Shenkman	Private	Theatre:5,000	240,000	150	Trade Shows & Exhibitions only		
Canadian National Exhibition: Automotive Bldg. Queen Elizabeth Bldg. Coliseum Ms. Rose LeBar and Mr. Larry Schacter Toronto, Ontario (416) 593-7551	Public	Public (Munic.)	(Munic.)	Arena:5,700 Shows:6,200	122,700sq.ft. 63,000sq.ft. 150,000sq.ft.			125 (per building)	
Maple Leaf Gardens Carlton Street Toronto, Ontario (416) 977-1641	NHL Team OHA Team	Private Harold Ballard	Private	Arena: 16,000 Shows: 21,000	17,000sq.ft.			288	NHL Team Rent OHL Team Rent Concerts Concession Revenue
Hamilton Convention Centre 115 King St. W., Hamilton, Ontario Mr. Scott Walker (416) 523-5883		Public (Munic.)	Public (Munic.)	Theatre: 3,500	60,000 sq.ft. on 3 levels		Trade Shows Conventions	175	
Hamilton Place 50 Main St. W. Hamilton, Ontario Mr. Tom Burrows (416) 523-3100		Public (Munic.)	Public (Munic.)	Theatre: 2,200	10,000 sq.ft.		Concerts Plays	249	

Source: Pannell Kerr Forster Campbell Sharp

EXHIBIT XVI
EVENT SUMMARY COMPETITIVE FACILITIES

Facility	SUMMARY Total Events	Event Days	Event Types	Major Tenant	Amateur Athletics	Boxing Wrestling	Total Sports	Concerts	Circus	Ice Shows	Rodeo Family	Other	Trade Shows
Rochester Community War Memorial	180-240	180-240	10	AHL Team ABA Team				25-35	2/year	2/year			Home Show Garden Show Others
Brantford and District Civic Centre	65	65	8	OHA Team	Local Ice Rentals: Senior Hockey Leagues				1/year			Service Groups	Dog Show
Kitchener Memorial Auditorium	120	110	14	OHA Team Jr. B. Team Univ. Hockey	Minor Hockey	2	101	6	1/year	1/year		25	Octoberfest
London Gardens	90	87	5	OHA Team Jr. B. Team	Minor Hockey		70	10-12		1/year			
Niagara Falls Memorial Arena					Local Hockey Rentals								
Garden City Arena				AHL Team	Semi-pro Soc.	1			2-3/year				15 days/yr
International Centre	50	150	Trade shows & Exh's only										50/yr.
Canadian National Ex. Automotive Building Queen Elizabeth Bldg. Coliseum		125 per bldg.	Trade Shows Exhibitions Concerts										Car Show Industrial Shows Photography Shows
Maple Leaf Gardens		288		NHL Team OHA Team			85+	40		2			
Hamilton Convention Centre		170	Trade Shows Conventions										Car Show Industrial Show Better Living Sports & Leisure Home Show
Hamilton Place		213	Concerts Plays					40+ rock/pop type					

Source: Pannell Kerr Forster Campbell Sharp

EXHIBIT XVII

TRADE CENTRE/ARENA DEMAND POTENTIAL
COMPARABLE FACILITIES

Facility Use	# of Events	% of Total Use
Professional Hockey Team	42 - 55 45 (min.)	16%-33% 25% (avg.)
Professional Basketball Team	42 42 (min.)	20%-25% 24% (avg.)
Indoor Soccer	22-30 22 (min.)	11%-14% 12% (avg.)
College Basketball	20 20 (avg.)	10%-18% 14% (avg.)
Amateur Athletics	4-12 7 (avg.)	2%-6% 4% (avg.)
Wrestling	6-24 15 (avg.)	3%-17% 13%
Boxing	1-5 3 (avg.)	1%-3% 2% (avg.)
TOTAL SPORTS	62-95 80 (avg.)	30%-56% 40% (avg.)
Concerts	20-40 27 (avg.)	10%-22% 15% (avg.)
Circus	1-2 1 (avg.)	
Ice Shows	1-2 1 (avg.)	
Family Shows	1-9 5 (avg.)	
Rodeos	1 1 (avg.)	
Other Entertainment (religious events, exams, graduations, auctions, truck pulls, motocross, retail shows)	3-73	

Trade and Consumer Shows

Art Shows	Sportswear Show
Hobby Show	Audio-Visual Show
Craft Show	Industrial Show
Van Show	Home Show
Dog Show	Sportsmen Show
Horse Show	Car Show
Boat Show	Custom Car Show
Computer Show	Environmental Shows

TOTAL FACILITY USE	110-250 performances 180 (avg.)

VII ASSESSMENT OF DEMAND POTENTIAL

The combined analysis of comparable and competitive facilities and their markets enables us to determine the demand potential for a trade centre/arena in Hamilton. Information gathered from comparable facilities gives an indication of the demand potential for a facility of the type envisioned in Hamilton. Information from competitive facilties supplemented by discussions with existing or potential public facility users in the southern Ontario market allows us to adapt the demand potential, event types, and levels of utilization to conform to actual market conditions as they exist in Hamilton and the surrounding areas.

Demand Potential - Comparable Facilities

Sports Uses

As shown in Exhibit XVII, on the facing page, comparable facilities operate under a wide range of utilization levels. Overall sports uses at comparable facilities represented 40 percent of facility use or 80 performances when a facility operated with only one major sport tenant; and up to 56 percent or 95 performances if the facility had more than one major sport tenant.

In the case of those comparable facilities examined, the removal of the major sports tenants (ie. professional hockey, professional indoor soccer, professional basketball) dramatically reduces the number of potential performances that can be attracted. This exclusion of sports teams would limit these facilities to a maximum of 41 sports performances (ie. amateur athletics, wrestling, and boxing), and thus a severe decline in revenue generating potential.

Comparable facility data also indicates a range of 20 to 40 concert dates per year. The average being 27 concerts per year. However, these figures are more representative of the demand for concerts in markets larger than that of Hamilton where facilties the size and scope of the Trade Centre/Arena are generally found. Facilities located in markets of comparable size to Hamilton generally offer about 20 concerts per year.

Events such as the circus, ice shows, and rodeos generally perform only once per season. In larger markets which can support more than one ice show or where a circus is willing to play more than once per year, some attractions will repeat during the same season. The range of family type shows again is dependent upon the size and nature of the market. On average, comparable facilities offered 5 such shows per year, however the number of these events ranged from 1 to 9 events per year.

Other entertainment or events ranged from 3 - 73 performances or uses per year. These uses include religious events, writing of exams, graduations, auctions, truck pulls, motocross, and retail shows. Planning and attracting events such as these becomes the responsibility of an efficient facility manager and is dictated by market conditions more than any other factor.

Trade and consumer shows are generally operated only at mixed use facilities. The entire range of show types that can be attracted is a function of market demand and available alternative venues. The number of shows which can be accommodated by a facility is influenced by a wide variety of factors. If the facility has an exhibition component separate and distinct from the arena component, it can effectively accommodate alternative uses more efficiently. However, as is the case with the Hamilton facility, when one floor area serves a dual function, each function has limitations.

Facilities which house a major sport tenant find that time available for consumer and trade show uses is limited. It becomes difficult to schedule 5 day shows which require 5 days of preparation and removal time in conjunction with a hockey schedule. Conflicts also arise during the peak trade show/consumer show season. Most show promoters would prefer to book their events during the February/March time period. However, this conflicts with the hockey season. In many cases thd peak period could be stretched into April or possibly May, but due to the uncertainty of sports' playoff schedules, (hockey for example can potentially go to the end of May) a facility manager is limited to booking a

EXHIBIT XVIII

DEMAND POTENTIAL

COMPETITIVE FACILITIES

Events	Performances		
HAMILTON MARKET			
Hamilton Place	249		
Convention Centre	170		
PRIMARY MARKET - Major Facilities			
Maple Leaf Gardens			
NHL Hockey	45		
Jr. "A" Hockey	40		
Concerts	45		
Other	158		
Total	288		
International Centre	150		
Exhibition Place			
Automotive Building			
Industry Building			
North Industry Extension			
South Industry Extension			
Coliseum West			
Coliseum Arena			
Coliseum East			
Queen Elizabeth Building			
Average Total per building	75 show days	50 move-in /move out	Total 125
SECONDARY FACILITIES			
Brantford Civic Centre			
Kitchener Memorial Auditorium			
London Gardens			
Niagara Falls Memorial Arena			
Garden City Arena, St. Catharines			

Total Uses - Secondary Facilities	Performances	# of Facilities
Jr. "A" Hockey	40	3
American League Hockey	40	1
Wrestling	1-2	3
Total Sports	70-101	5
Concerts	6-12	3
Circus	1-3	2
Ice Shows	1	2
TOTAL EVENT DAYS	65-120	5

smaller number of single day events, and virtually no trade or consumer shows, to avoid potential scheduling problems. Trade show and consumer show use becomes a factor of its own demand as well as availability of time due to alternative demand for facility uses.

Demand Potential - Competitive Market

In the previous section the various characteristics of the competitive market were addressed. Further examination of the Hamilton market and existing uses of both the Convention Centre and Hamilton Place indicates some impact on these facilities from the operation of the Trade Centre/Arena. It is expected that the majority of uses proposed for the Hamilton facility will be those which at present cannot be accommodated in existing facilities. There will be some crossover of events from each facility; however our research and discussions with both facility managers indicate that use will be restricted to specific musical concerts and trade and consumer shows.

Competition from major facilities in the primary market are limited to those complexes in Toronto. From an arena perspective, the only true competition will come from Maple Leaf Gardens, and for exhibition space, the facilities at the Canadian National Exhibition and the International Centre. These facilities as well as the smaller facilities in Brantford, Kitchener, London, Niagara Falls and St. Catharines have all been considered in our assessment of demand potential for the Hamilton Trade Centre/Arena (see Exhibit XVIII).

An analysis of these competitive facilities indicates a wide range of event types and performances. Within the Hamilton market itself the Convention Centre and Hamilton Place account for approximately 170 and 249 performances respectively. The Convention Centre, when compared to the buildings at Exhibition Place in Toronto which average 125 days of use each per year, appears to be well utilized. When the total usage of the 8 facilities at Exhibition Place is combined, usage approximates 600 showdays and 400 move in/move out days. With a combined square footage of over 750,000 square feet, there is little comparison between the revenues which can be generated in each example.

The International Centre in Toronto operates approximately 150 days per year. However, any comparison of operating days of these facilities in the Toronto market with that of the Convention Centre in Hamilton must also consider the higher degree of competition in Toronto, and the relative exclusivity which the Convention Centre presently enjoys in Hamilton. The construction of the Trade Centre/Arena will change this market condition.

Maple Leaf Gardens in Toronto generates approximately 288 performances per year. Compared with the wide variety of comparable facilities analyzed, the Gardens represents one of the most highly utilized and profitable facilities examined. It should be noted that 85 of the 288 performances are generated by NHL and OHL hockey and another 45 by rock concerts. While the levels of usage generated by hockey tenants could be duplicated in Hamilton, the relatively high number of musical concerts and significantly high number of "other events" probably could not.

The levels of demand generated by what has been defined as secondary facilities, indicates the relatively low levels of utilization these smaller facilities receive, and the smaller number of event types they can attract. Without a sport tenant it becomes apparent that levels of usage drop well below what would be considered acceptable. These utilization levels also support the conclusion that these facilities generally satisfy local sources of demand and with the exception of their own OHL or AHL hockey teams, represent relatively little competition for the Hamilton facility.

The various events being accommodated at this wide range of facilities gives a strong indication of the demand which exists in the southern Ontario market. The range of events and performances in the case of larger facilities conforms to use in comparable facilities and markets. While market conditions affecting the Hamilton situation vary, from other markets, these factors have been considered in our assessment of demand potential for the Trade Centre/Arena.

EXHIBIT XIX

DEMAND POTENTIAL HAMILTON MARKET

POSSIBLE EVENTS TO BE HELD IN ARENA/TRADE CENTRE

Presently Held in Arenas

Circus (Garden Brothers) - annual

Jr. "A" Hockey

Rock Concerts - Trooper/Rush

Close Circuit T.V. - World Cup Soccer

Victor Borge Show

Lacrosse Super Series

Police Tattoo

Various Hockey Benefit Games

Presently Held in Stadium

Union Ratification Meetings

1981 Karate Tournament

St. Anthony of Padua Religious Celebrations

Pentacostal Assembly of Canada - Church Service (in conjunction with Conference)

Concerts - Rush/Pink Floyd

Source: Department of Culture and Recreation, Hamilton

Presently Held in Convention Centre

Better Living Show
Sports and Leisure Show
Motion Auto Show
Home Show
Industrial Show

Source: Hamilton Convention Centre

Presently Held in Hamilton Place

Concerts - 40 rock/pop type
Closed Circuit TV sports - Boxing, Soccer

Source: Hamilton Place, Hamilton

Events and Attractions - Hamilton

Our discussions with operators of existing facilities in Hamilton have indicated a variety of events presently using these facilities, which could potentially use the Trade Centre/Arena if constructed. This list of events does not necessarily represent demand for the new facility. However, it would seem likely that at least a portion of these users would prefer the Trade Centre/Arena as an alternative to existing venues. Exhibit XIX on the facing page presents this list of current events and attractions in the Hamilton market which presently use other facilities and might represent potential demand for the Trade Centre/Arena.

In the case of some events, there will definitely be competition between facilities. The major competition would appear to exist between the Trade Centre/Arena and both Hamilton Place and the Convention Centre for concerts and trade shows respectively. It will become the choice of the user or promoter to decide which facility will offer the better venue for each event or attraction. However it is probable that all facilities involved: the Hamilton arenas, Ivor Wynn Stadium, the Convention Centre, and Hamilton Place, will each lose a portion of their present demand to the Trade Centre/Arena.

Implications for Hamilton

As noted in our assessments of demand potential, market share and demand estimation, it is apparent that there will be some impact on both the Convention Centre and Hamilton Place from the operation of the Trade Centre/Arena.

Through our analysis of present users of each facility, discussions with event promoters and discussions with facility management, we have estimated the number of events and attractions that will transfer their use from one of the existing venues to the new facility.

An analysis of present users at Hamilton Place indicates basically two event types which potentially could prefer to use the Trade Centre/Arena, namely, closed circuit events and musical concerts. The 1981 season for Hamilton Place

included approximately 40 musical concerts performed by approximately 23 performers. Of these performances, our analysis indicates that 7 performers are of the calibre that could potentially utilize the Trade Centre/Arena. Our discussions with promoters of these concerts indicates that no more than 3 would likely change venues in this situation. This would indicate that of the 20 concerts projected for the Trade Centre/Arena, from 13 to 17 of these concerts would represent new demand.

The same analysis of events and attractions at the Convention Centre indicates that potentially 4 consumer shows and 1 industrial show would prefer the 60,000 square foot exhibition space offered by the Trade Centre/Arena. Discussions with facility management indicate that the most likely shows to move are the industrial show and the auto show. Interviews with promoters confirm these potential moves and also indicate that the home show, currently using the Convention Centre, might also move. Of the 5 major shows currently using the Convention Centre, a minimum of 3 would prefer the new venue. This indicates that 3 of the high probability shows projected represent new demand, while 2 of the 4 medium probability shows represent a transfer of the remaining 2 shows at the Convention Centre.

Any transfer of events from either Hamilton Place or the Convention Centre to the Trade Centre/Arena would represent a desire for either greater seating capacity or more square footage in return for a decline in aesthetics. However, in all cases, this demand for the larger facility would also represent increased revenues for the City as a result of the Trade Centre/Arena's utilization. The financial implications of these transfers are discussed later in this report.

To a lesser extent, it also appears that the Mountain Arena could lose some events or attractions to the Trade Centre/Arena. The most likely event to move would be the Garden Brothers Circus, but it is possible that the current rock concerts, the various hockey benefit games and other sports uses might move as well.

Ivor Wynn Stadium might also lose some events due to the availability of an indoor facility capable of accommodating large numbers of people. Religious events and large meetings could change venues. However promoters' preferences for large outdoor facilities, as previously noted, indicates that concerts presently held at the stadium might not relocate.

Potential Events and Attractions

Based on the evaluation of comparable facilities, the evaluation of the competitive market in Southern Ontario, and discussions with event promoters and other knowledgeable parties, we have quantified estimated demand for the Hamilton market and more specifically the Trade Centre/Arena. In addition, we have also considered the impact of changed market conditions since the assessment of demand in the previous study. Our analysis of those market changes has been supplemented with further research to enable us to assess the future growth potential for each event or use.

The analysis of demand potential has been further refined in order to determine the probability of any individual event or attraction taking place. The probability levels of "low, medium, or high" were determined by assessing three main criteria:

i) potential for the event to occur in the Hamilton market;
ii) future probability and potential; and
iii) suitability of arena or trade centre/arena for this use.

By applying a 0.0-1.0 numeric weighting to these ratings, categorization was as follows:

unlikely	- 0.0	0%	potential, suitability or probability
low	- 0.1	10%	potential, suitability or probability
medium	- 0.5	50%	potential, suitability or probability
high	- 1.0	100%	potential, suitability or probability

EXHIBIT XX

POTENTIAL EVENTS AND USES

	Potential	Future Potential	Facility Suitability	Overall Probability
Sports Uses				
NHL Team	N/A	N/A	H	N/A
AHL Team	N/A	N/A	H	N/A
OHL Team	N/A	N/A	H	N/A
NHL Exhibition	H	H	H	H
NBA Exhibition	H	H	H	H
Pro Wrestling	H	H	H	H
Tennis	H	H	H	H
Closed Circuit Boxing	M	M	M	M
Closed Circuit Soccer	L	U	L	U
Indoor Soccer	L	L	H	L
Pro Lacrosse	U	U	H	U
Roller Derby	U	U	H	U
Other Sports	H	H	H	H
Entertainment				
Concerts	H	H	H	H
Ice Capades	H	H	H	H
Circus	H	H	H	H
Harlem Globetrotters	H	H	H	H
Ethnic Shows	H	H	H	H
Family Shows/Other Shows	M	M	H	M
Other Events				
Horse Shows	M	M	M	M
Rodeo	L	L	L	L
Motocross	L	L	L	L
Truck Pull	L	L	M	L
Religious Events	M	M	M	M
Flea Markets	L	L	L	L
Trade Shows	H	H	H	H
Consumer Shows	H	H	H	H

N/A - Not Applicable U - Unlikely L - Low M - Medium H - High

(An event which has a weighting 0.1 has only a 10% probability of occurring. An event which has a 0.5 weighting has a 50% probability and one which has 1.0 has a 100% probability. An event which is deemed unlikely has a 0.0 weighting because research has indicated that it has little or no probability of occurring.)

Exhibit XX illustrates the various ratings given to these criteria. The potential for the event is dictated by the success of the event in other markets as well as the current market conditions in Hamilton. Projected potential considers the expected growth in demand for each event or attraction, and accounts for changes in market conditions which could impact the future demand for these events. Facility suitability considers the suitability of the Hamilton Trade Centre/Arena to house these events or attractions. While an arena or trade centre may be suitable for a specific use, market conditions in Hamilton may make it less than the optimum venue. While the demand potential, both present and future may be strong for an event, the size of the facility (at 18,000 seats or 60,000 square feet) may make it less than suitable for use, when alternatives such as Hamilton Place and the Convention Centre exist within the local market.

The overall probability of the event or attraction occurring was developed by first evaluating the present and future demand potential for each use and then considering the impact of the facility's suitability. In virtually all cases, present and future demand tended to be the determining factors in the overall probability rating for each use.

Demand Potential for Hamilton

It is our opinion that strong demand, outside of professional sports tenants, still exists for a trade centre/arena in Hamilton. Strong sources of revenue exist from such events as amateur sports, wrestling, concerts and ice shows. The facility would also appear to offer a suitable venue for both trade shows and consumer shows.

Market conditions indicate that minimal demand exists for trade shows, and the greatest potential exists for consumer shows. It should be noted that market conditions in some instances have changed dramatically since 1980 when demand was first evaluated. Demand specifically for many sports-oriented events no longer exists. In addition, growth in the rock concert market, due to both economic conditions and an aging population, has levelled off. The overall result of these factors is less demand than was originally envisioned for the facility. Despite these changed market conditions, strong demand still exists for a trade centre/arena in Hamilton.

VIII MARKETING REQUIREMENTS AND CONSIDERATIONS

The marketing requirements and considerations discussed in this section relate to design features of the trade centre/arena and the management philosophy of the facility which should be adopted. Initially, an event may not be attracted unless the proper infrastructure and facilities exist to accommodate user needs, and facilitate effective/efficient use. Secondly, an event may not be attracted unless the arena management is able to effectively operate an organized facility and present a positive image of that facility to the paying public. The degree to which event organizers perceive facility management as supportive and professional has become a major marketing factor for arenas in highly competitive markets.

Our marketing requirements analysis commenced with a review of facility design by the following groups and individuals:

- PKFCS Project Team
- Representatives from the Hamilton Trade Centre/Arena Technical Committee
- Mr. Don Jewell - Event and Facility Consultants
- Representatives of the Parkin Partnership, project architects
- Mr. Bill Wilters - Maurice B. Lafiteau Inc. concession designers
- Mr. Loris Smith, General Manager Meadowlands Arena and Stadium, New Jersey
- Professional real estate leasing agents.

Meetings to review the facility designs were initiated by PKFCS in an attempt to ensure that the complex would indeed be usable for the various events and attractions intended. Primary factors analyzed for this exercise included;

- Facilities as they related to arena use with and without an NHL franchise were analyzed. This arena use included facilities such as team dressing rooms, press boxes and facilities, areas for team members' facilities, ice removal, ice maintenance and storage space for the relevant equipment. In general, we found that all pertinent detail has been addressed and will be in place to accommodate the various arena uses.

- Trade show amenities including storage space, hydro provisions, loading/unloading areas, spatial orientation for displays and general ambience were also reviewed. As a result, we believe that a viable trade show forum will be produced.

- Concession areas have been analyzed as to location, spatial orientation, customer flow, provisions for food and beverage storage, and quantity of facilities. All of these issues have been addressed by the project architects and we understand our comments will be accommodated to provide an efficient system.

- The retail area was analyzed in order to ascertain current leasing market conditions and trends as well as the potential leasing capacity of this space including possible revenues. In general, the trade centre/arena management should regard much of the retail space as a flexible area to be utilized for servicing the arena and trade centre functions, for example, banquets, press facilities, team facilities or storage. A portion of this space can, in our opinion, be leased for general retail use and we have estimated that approximately 1/3 of the area is therefore marketable.

- The ticketing function was examined with respect to its location within the trade centre/arena, its relationship to the administrative area and the proposed method of distribution. Generally, the challenges cited during our meetings concerning re-orientation of the ticketing functions are being addressed by the design team and we believe a satisfactory resolution will occur. In addition, we recommend that some form of co-operation exist between the Trade Centre/Arena and Hamilton Place to institute a program of ticketing convenient to patrons of both facilities.

- Advertising was analyzed under each of the various scenarios to determine the potential revenues that could be expected from both internal advertising (posters/campaigns located within the Trade Centre/Arena) and external

advertising (additional forms of advertising including tickets, television and radio). In our financial assumptions we have included the potential for an advertising agreement with a major sponsor considering offers that the City had received previously and the availability of media space within the facility.

In general, the marketing advantages for this source of revenue are significantly higher should the Trade Centre/Arena house an NHL franchise club.

- Consideration of the parking factor was not included in the terms of our mandate for this project. However, in our discussions we have raised concern that on certain days during the year, Hamilton Place, the Convention Centre, the Trade Centre/Arena and shops and offices located within this immediate area will all generate a high demand for parking. During such times, parking will become scarce in the downtown core and as such, could become a frustrating experience for patrons of the Trade Centre/Arena. We realize that this should be a short term problem, since remedies such as a rapid transit system are planned for Hamilton. However, planners of the Trade Centre/Arena should be aware of this potential short term challenge and ensure that the marketability of the complex is not affected.

Therefore, it is our opinion that the Trade Centre/Arena, as designed, presents no significant insurmountable barriers to operation. We expect that this complex will have an acceptable market penetration relative to similar facilities in similar markets. However, as a dual purpose trade centre/arena, neither function can be optimally provided for in the design. Design review indicates that it will not be the most effective arena in the market because site, size and intended dual use have caused design compromises which may limit the attractiveness of the facility for certain events. Likewise, trade show use will not benefit from built-in amenities which would otherwise be found in a single purpose-built Trade Centre. However, we believe that the facility can be efficient within the context of a dual purpose facility and thus design will not limit its marketability.

The City of Hamilton has envisioned marketing the trade centre component of this complex as one entity together with the Hamilton Convention Centre. We believe that such a marketing effort will prove extremely challenging. The distance between the two facilities will always be a drawback to certain events and to some degree limits the competitiveness of this complex opposite single purpose-built facilities.

As noted earlier in this report, we believe that each facility will be able to complement the other and therefore should be presented to the market as distinct but related entities. As such there will be a number of opportunities for joint operation and the net result will be an increase in overall convention/exhibition demand.

Co-promotion of events between management of the Trade Centre/Arena and promoters of various events should also be considered. Although there is a degree of risk associated with such ventures, it is another marketing opportunity for the complex. Should the facility not obtain an NHL franchise, there will be an obvious need to generate further event dates. By co-promoting with event organizers, the Trade Centre/Arena management will ultimately generate more revenue assuming competent and experienced management is in place.

Co-promotion, is an activity which must be pursued by a management team which can demonstrate such abilities by virtue of direct, past experience. Therefore, the management selected for the Trade Centre/Arena should be judged on previous ability to operate such a facility. Secondly, potential management should be judged on ability to work within the local civic climate. Finally, the methods and approach to negotiating with outside promoters must be given consideration since they represent a critical factor in determining the management for this complex.

The Trade Centre/Arena will be a project funded in part by government grants and taxes. Therefore, there is good reason to assume that the activities of this operation will be monitored continuously by the public. As such, the management selected for the building must be able to demonstrate a proven track record and also create results early in the operating history of the complex.

IX MARKET SHARE ANALYSIS AND DEMAND ESTIMATION

Our research and analysis to this point has established a list of potential uses successful in other markets and worth consideration in Hamilton. For the purposes of this study, these potential uses have been encompassed under two alternative scenarios:

i) with a National Hockey League Franchise
   a) with both an NHL franchise and an Ontario Hockey League franchise
   b) with an NHL franchise only

ii) without a National Hockey League Franchise
   a) with either an American Hockey League franchise or an Ontario Hockey League franchise
   b) with no permanent hockey or sports tenant

Scenario Rationale

i) With an NHL franchise: It is one objective of this study to assess the demand potential and net revenue projections for the Hamilton Trade Centre/Arena if a National Hockey League team were a major sports tenant.

Based on the popularity of hockey as a sport, and the strong demand potential which could be generated from the Hamilton market, this is a valid scenario to present. As noted previously it is not within the scope of this study to comment on the probability of Hamilton obtaining an NHL franchise. The problems of territorial rights evident with both the Toronto Maple Leafs and the Buffalo Sabres have been addressed and continuing interest in Hamilton as a location for an NHL club would indicate that these challenges might be met.

a) With both NHL and OHL hockey tenants: This scenario includes both a National Hockey League team and an Ontario Hockey League team. Experience in Canadian NHL cities indicates that these two levels of hockey are relatively compatible.

In addition, these tenants would guarantee the arena a minimum of 85 days of use and thus a minimum fixed income. However, the inclusion of both clubs ties up a significant number of days which in the case of an OHL club might be replaced with other, more lucrative revenue generators.

b) With an NHL Tenant only: It may be less than desirable in the Hamilton market to restrict use of the Trade Centre/Arena to that of primarily a hockey facility. The exclusion of the OHL club makes available an additional 40 dates of use. A significant portion of these dates can be replaced with alternative uses. However, this replacement places greater emphasis on the promotional talents and efforts of facility management. It is possible however, that the overall revenue potential of these alternative events and attractions could be as great or greater than that of an OHL team.

ii) Without an NHL franchise: A second objective of this study is to determine the demand potential and net revenue projections for the Hamilton Trade Centre/Arena if a National Hockey League team is not a major sports tenant.

Again, due to the uncertainty of Hamilton's obtaining a franchise, this scenario enables the City to assess the implications for operation if it is unsuccessful in its attempts to obtain an NHL tenant. Because of this, our research indicates that we should consider two alternatives within this scenario; with a non-NHL hockey tenant, and with no permanent hockey or sports tenant whatsoever.

a) Non-NHL hockey tenant: This scenario would include either an American Hockey League (minor professional league) club or an Ontario Hockey League club. Our research indicates that only one type is suitable as these two types of hockey are not compatible and the quality of each product is lower than that of the National Hockey League. Therefore, the two would compete more directly than would an NHL club and an OHL club.

EXHIBIT XXI

DEMAND ESTIMATION AND ATTENDANCE PROJECTIONS

TYPE	PERFORMANCES	EVENT DAYS	AVERAGE ATTENDANCE	AVERAGE TICKET PRICE	TOTAL ANNUAL ATTENDANCE BY EVENT
N.H.L. Team	45	45	13,000	$12.00	585,000
A.H.L. Team	40	40	4,000	7.00	160,000
O.H.A. Team	40	40	4,000	4.00	160,000
HIGH PROBABILITY DEMAND					
Pro Wrestling	20	20	4,000	6.50	80,000
Tennis	3	3	7,000	13.00	21,000
Pro Basketball Exhibition	1	1	10,000	10.00	10,000
Other Sports	6	6	5,000	2,000 /Event	30,000
Ice Capades	9	8	7,000	8.00	63,000
Circus	9	6	5,000	8.00	45,000
Harlem Globe Trotters	1	1	13,000	7.00	13,000
Musical Concerts	20	20	12,000	13.00	240,000
Ethnic Shows	2	2	9,000	14.00	18,000
N.H.L. Exhibition	1	1	13,000	12.00	13,000
TOTAL					
MEDIUM PROBABILITY DEMAND					
Closed Circuit Sports	6	6	7,000	15.00	42,000
Family/Other Shows	16	16	3,500	5.00	56,000
Religious Events	5	5		4,000 /Day	
Horse Show	1	1	5,000	7.00	5,000
TOTAL					
LOW PROBABILITY DEMAND					
Indoor Soccer	9	9	6,000	8.00	54,000
Flea Markets	24	24	2,000	2,000 /Day	48,000
Truck Pull	1	1	6,000	8.00	6,000
Moto Cross	1	1	6,000	8.00	6,000
Rodeo	3	3	8,000	7.00	24,000
TOTAL					

TRADE & CONSUMER SHOWS	AVERAGE ATTENDANCE	MOVING DAYS	MOVING DAY REVENUE	SHOW DAYS	SHOW DAYS REVENUE	TOTAL ANNUAL ATTENDANCE	TOTAL DAYS
HIGH PROBABILITY DEMAND							
Boat	4,000	3		5		20,000	8
Sportsmen	4,000	6		5		20,000	11
Home	8,000	3		4		32,000	7
Car/Van	4,000	3		4		16,000	7
Other	4,000	3		3		12,000	6
Industrial	4,000	5		3		12,000	8
TOTAL		23		24		112,000	47
MEDIUM PROBABILITY DEMAND							
Other Consumer Shows (4)	4,000	3	$	3	$	12,000	6
		12	$1600/day	12	$3200/day	48,000	24

Past success of Junior clubs in Hamilton assure interest by existing OHL clubs in entering the Hamilton market and discussions with OHL officials indicate that strong potential exists for the operation of such a club in Hamilton. The operation of an American League franchise in Hamilton at present would seem more difficult than a Junior club. The territorial rights which would apply to an NHL club would also apply to a minor professional league club. Principals involved at the NHL level have given no indication as to how they would react to the operation of an AHL team in Hamilton but have expressed satisfaction with present facilities and agreements within the City of St. Catharines, for operations of an AHL club there.

b) With no permanent hockey or sports tenant: It is possible that the Trade Centre/Arena could be forced to operate with no hockey or permanent sports tenant. Since demand exists for alternative uses, it is possible that a facility of this nature could operate successfully. However, our research indicates that in most cases a facility without a major sport tenant is marginal when judged in terms of operating profit. The element of a dual use facility such as the proposed Trade Centre/Arena can minimize the negative impact of having no major sport tenant.

Market Share and Demand Estimation Rationale

Using the list of events and attractions generated through the analysis of "overall probability" and supported by our interviews with promoters, facility users and other knowledgeable people, we have projected the number of performances, average attendance, and ticket prices which could be expected to be attained in the Trade Centre/Arena. Exhibit XXI shows each event categorized by high, medium and low probabilities, with Trade and Consumer Show demand categorized separately. The following is the rationale for these projections.

SPORTING EVENTS

National Hockey League Games

The probability of an NHL team moving to Hamilton has not been evaluated for the purposes of this study but has been considered as one of the alternative

scenarios. The City of Hamilton is well aware of the challenges associated with obtaining an NHL franchise for the City and the fifty mile territorial rights held by the Toronto Maple Leafs. There is also some concern as to whether the Buffalo Sabres also hold territorial rights over the Hamilton area. These are issues which will be addressed if the City should attempt to attain a franchise, but are beyond the consideration of the scenarios as projected herein.

An NHL club would generate a minimum of 45 games per year excluding play-off games (5 pre-season games and 40 regular season games). Play-off games have not been included in any financial projections but would represent a potential revenue and must be considered in any event scheduling for the facility.

The average attendance in the NHL over the last three seasons has been approximately 12,700. We have assumed an average attendance for the Hamilton facility of 13,000 based on our evaluation of NHL clubs in comparable markets and discussions with knowledgable operators. In reality the achieved attendance, as is the case with any professional sport team, will be dependent upon the calibre of the product presented, a factor that cannot be evaluated at present.

Average ticket prices throughout the league are generally unavailable. Information gathered from a sample of clubs, and the NHL head offices indicates that a $12.00 average ticket price is realistic.

Arena revenue has been based on a figure of 15 percent of the gate. While many facilities will accept much less in terms of revenue in order to attract an NHL club, 15% is a realistic figure which is being attained by a variety of comparable facilities.

National Hockey League Exhibition Games

If Hamilton is not successful in obtaining an NHL team, the probability of holding exhibition games would be high. However, the availability of teams during the exhibition season is limited and we have projected for only one match. Average ticket prices would not vary from the norm for regular season games. Examples of this event in similar markets indicate that these games

generally play to 50 percent capacity. However we have projected an attendance of 13,000 based on the uniqueness of the event and demand which could be generated in the Hamilton market. Revenues again would be based on 15% of ticket sales.

American Hockey League Games

Similar problems evident in obtaining an NHL franchise could exist for Hamilton in its attempts to obtain an American Hockey League club or any other minor professional hockey league club. The territorial rights discussed for the NHL situation also pertain to any other professional league associated directly or indirectly with the NHL. Any National Hockey League team moving its minor league affiliate to Hamilton would have to receive permission from the Toronto Maple Leafs and quite possibly the Buffalo Sabres.

Mr. Harold Ballard of the Toronto Maple Leafs indicated that he is presently quite satisfied with the arrangement his minor league club has with the City of St. Catharines and would envision no relocation of that team to Hamilton. At the same time, however, he gave no indication as to whether he would prohibit other NHL clubs from moving their farm teams to Hamilton.

For the purposes of this report, we have assumed that the City of Hamilton could attract a minor league professional team (American Hockey League) if it so desired.

AHL clubs in similar markets have been able to average 4,000 people per game. The club would play 40 home games per year and the average ticket price would be approximately $7.00. As is the case with other hockey events, arena revenues of 15% of the gate have been assumed although in some instances clubs prefer to pay a flat fee for rental.

Ontario Hockey League Games

Discussions with Ontario Hockey League representatives indicated that the league's future expansion plans are limited. The league is presently operating with 15 teams and would prefer to operate with no more than 16 teams. While

the present potential for expansion into Hamilton is limited to one club, indications are that a variety of existing clubs would be interested in relocating in the new facility. League officials are optimistic about the future of junior hockey in the Hamilton market.

OHL clubs operate on a 40 game home schedule (5 pre-season and 35 regular season games). Presently the league is attracting approximately 3,300 people per game at an average ticket price of $4.00. For the purposes of this report we have assumed that a junior club could generate a comparable attendance level to that of American Hockey League Team (4,000 people per game). League officials indicate that generally, teams remit up to 20% of the gate to the arena as rental revenue. For the purpose of this study we have assumed a level of 15 percent plus direct costs similar to other sporting events.

Discussions with arena operators and hockey individuals indicated that National Hockey League clubs and Ontario Hockey League clubs represent a more compatible tenant mix than do National Hockey League clubs and American Hockey League clubs or American Hockey League clubs and Ontario Hockey League clubs. This is based on the varying levels of hockey product provided and the markets attracted.

Professional Wrestling

The probability of professional wrestling events being held at the Trade Centre/Arena is high. Industry trend information indicates that the frequency of these events occurring has remained relatively constant while the attendance at these events has decreased somewhat. We are projecting 20 professional wrestling events per year with an average attendance of 4,000 and an average ticket price of $6.50. Research has indicated that while arena revenues as high as 20% of the gate are attainable, 15% of the gate is a more realistic figure.

Tennis Exhibitions

Research indicates a strong demand for tennis exhibitions and matches. The probability of these events occurring is high. However the frequency of these events occurring is limited by the relatively small number of "name"

players available capable of attracting large attendance. We have projected a total of 3 such events with an average ticket price of $13.00 and an average attendance of 7,000. As evidenced by most attractions, an acceptable level of gate receipts in the Southern Ontario market is 15%.

Closed Circuit Boxing

The potential for closed circuit boxing events exists in the Hamilton market. However, the frequency of these events and their ability to attract large attendance is dependent primarily upon the calibre of the participants involved. On a medium probability level, 6 such events have been projected with an average attendance of 7,000 and an average ticket price of $15.00. Our research of comparable markets indicates that while these levels of attendance and revenue are attainable, the probability of these events occurring at the arena is moderate.

Professional Basketball Exhibition

The potential for a professional basketball club to base itself in the southern Ontario market appears unlikely, although at present there is some speculation. However, the opportunity still exists for National Basketball Association teams to play exhibition games in the Trade Centre/Arena. The probability of this event occurring is high. However, based on the limited availability of teams, the frequency of these events would be limited to one exhibition match per season.

Average attendance levels in the NBA during the 1981/82 season were about 10,000 people per game while exhibition matches such as the one proposed for this facility frequently experience sell-outs. Based on the success of the event elsewhere, attendance has been projected at 10,000 and ticket prices for these events have been set at an average of $10.00.

Closed Circuit Soccer

The potential for closed circuit soccer is limited. The broadcasting of World Cup Soccer on national television has curtailed the opportunities for such events. Closed circuit events were limited to the presentation of the preliminary rounds of the tournament in 1982.

Market demand for soccer events outside the World Cup finals is limited and while average attendances of 3,000 people could be achieved in the Hamilton market, this demand would not warrant the use of an 18,000 seat arena. Promoters have indicated satisfaction with present facilities and will continue to use either the Hamilton Convention Centre or Hamilton Place.

Based on this research, it seems highly unlikely that closed circuit soccer represents a viable attraction at the Hamilton Trade Centre/Arena.

Indoor Soccer

The Toronto Blizzard Soccer Club has indefinitely suspended indoor operations of its team in the Indoor Soccer League. It would appear to be at least two years before operations will be resumed and this timing is still uncertain.

The Blizzard club operated two years during the indoor season prior to its withdrawal from the league for the 1982/83 season. Tne club had indicated in the past a willingness to participate in a variety of exhibition and regular season games in a Hamilton facility. Despite its present inactivity, the Club hopes to fulfill tnis opportunity by resuming operations and potentially playing up to 9 games in the Trade Centre/Arena.

Original attendance projections by the club were in the area of 8,000 people per game. However, its operating history indicates that a level of 6,000 is more realistic. Average ticket prices had been projected to be $5.00 in the original projections, however, our research revealed a more realistic price of $8.00.

Professional Lacrosse

At one time a variety of promoters were extremely active in the formulation of a professional lacrosse league which would operate out of cities in Canada and the United States. In the past, professional lacrosse has been seen as a potential user of this facility. However, since the professional league was not successful in operation and there appears to be no future potential, it has not been considered.

Roller Derby

Similar to the situation with professional lacrosse, Roller Derby is not considered a viable attraction for this facility. Research was unable to uncover any promoters still active in presenting Roller Derby exhibitions anywhere in Canada.

Other Sports

The probability for a variety of other sports uses is high. Based on the use of existing facilities elsewhere in Hamilton and demand characteristics exhibited in other markets, it is estimated that the facility could attract and provide for at least 6 such events. These would include local nockey tournaments, gymnastic meets and professional and amateur track meets. With tne exception of professional events, it is suggested that a flat rental fee of $2,000 be charged per event. This rental fee compares with the rental fees being charged in the existing arenas in Hamilton for similar services.

ENTERTAINMENT

Circus

A high probability exists for a circus to utilize the Hamilton Arena. Currently the Garoen Bros. Circus plays the Mountain Arena. Since tne seating capacity of the Mountain Arena is approximately 2,100, the Circus has been scaled down to adapt its show to this smaller venue. If the Hamilton Arena is constructed, this circus would be interested in performing there. An interview witn a representative from the Garden Bros. Circus revealed that an average of 5,000 people would attend each performance over a scheduled period of 9 performances.

A very low potential exists for the Ringling Bros., Barnum & Bailey Circus to utilize the Hamilton Arena. This circus company presently does not play in Canada due to the implications of the Canadian tax laws. Therefore, we have assumed that only one of these two companies will play the Hamilton Arena.

The expected arena revenue from this type of attraction is based on agreements usually contracted with the Garden Bros. Circus. In similar markets, 12.5 percent of the gate is a generally accepted level of revenue.

Harlem Globe Trotters

An interview with a representative from the Globe Trotters indicated a willingness to schedule one show for the Hamilton Arena. A review of attendance achieved at comparable facilities in the U.S. revealed that generally 75% of capacity is attained and we have utilized this percentage for our estimates. The average ticket price of $7.00 used in our projections is based on existing prices as stated by the representative of the Globe Trotters.

Arena revenue from this attraction varies among arenas. We have used an average percentage of 12.5% for our projections.

Musical Concerts

Research included interviews with the major concert production companies serving Ontario and Quebec. Through our analysis we determined that for a typical year of operation, the Hamilton Arena could hold 20 musical concerts per year. These concerts include rock, middle of the road and country and western. In addition, our estimates, include a portion of musical concerts held in a "Concert Bowl" format, (i.e., through proper lighting and production, musical acts perform in the arena altered to become a 10,000 seat forum). We have estimated the average ticket price at $13 with an industry revenue average of 12.5% of the total gate (after tax) to be received by the arena. The average attendance per concert is projected at 12,000 people based on interviews, achieved results at comparable facilities, and the mix of various artists expected to perform in this arena.

Ethnic Shows

Currently there is one major production company organizing ethnic shows in Toronto's Maple Leaf Gardens and Montreal's Forum. The producer of this type of show is interested in producing 2 shows per year in the Hamilton Arena. We have estimated average attendance at 9,000 people per show, with an average ticket price of $14.00. Our projections are based on current statistics achieved by this show in Maple Leaf Gardens and adjusted for the Hamilton market. As well, the estimated 12.5% of total gate (after tax) to be received by the arena is an adjusted figure based on the achieved results at Maple Leaf Gardens.

Ice Capades

Discussions with promoters of ice shows have indicated that the potential exists to operate at least one such show in the Hamilton market. Currently, shows operate in Toronto at Maple Leaf Gardens as well as Memorial Auditorium in Kitchener. Generally, these shows can be expected to run for 9 performances over 6 days. We have projected an attendance of 7,000 people at an average ticket price of $8.00 for each of these performances, with arena revenue at 12.5% of gross ticket sales.

Family/Other

Family shows such as The Sesame Street on Tour production are a viable attraction for the Hamilton Arena. Therefore, we believe that other types of family shows have a medium probability to perform at the Hamilton Arena and have been included in our projections. Based on our analysis of comparable facilities, we have estimated an average attendance of 3,500 people for each of 16 shows per year, with an average ticket price of $5.00. We have also utilized an industry average of 15% of the total gate (after tax) as revenue to the arena.

Other

Religious

Religious attractions such as the Billy Graham Crusade or large scale meetings of the Jehovah Witness are also viable events to be pursued by the Hamilton Arena. We have estimated that this type of event could utilize 5 days at the Arena, generating a base rental fee of $4,000 per day. This base rental figure was determined from comparable facilities in Canada and the U.S. and current pricing structures in the Hamilton market.

Flea Markets

We have considered this type of event for the Hamilton Arena since the close proximity of the Farmer's Market and the downtown location of the Arena could enable this activity to occur and draw from the local community. We have assumed that a flea market could operate on Sundays only, from May to October. The revenue generated from this event would be the daily rental fee of $4,000.

Others

We have also considered other types of events that could be viable attractions to the arena. These events, include: truck pull, moto cross, rodeo and horse-show. Although we have assigned a low probability to these events, (i.e., these events could be "once-only" attractions), we have included the potential revenue in our analysis. In each case, revenue generated by the arena is based on an average attendance of 6,000 to 8,000 people per event and an average 12.5 percent of gate receipts.

Trade and Consumer Shows

The probability of Trade (Industrial) Shows and Consumer oriented shows utilizing the Trade Centre/Arena is high. However, there are market conditions in Hamilton which limit the number of events which could occur, and the nature and size of the shows themselves.

Use for the Trade Centre would come from potentially two sources; 1) existing shows presently using the Convention Centre (or other facilities in Hamilton) and 2) new shows which have previously not been held in Hamilton due to the lack of adequate facilities and space.

Discussions with trade and consumer show promoters indicates that greater potential exists in the Hamilton market for consumer oriented shows such as the home show, boat show, car/van show, etc. Since some of these shows already utilize the convention centre, there would be no room for duplication in the Hamilton market. The Trade Centre/Arena would appear to be the most appropriate facility for new shows and in the case of some existing shows may be more attractive than its existing venue. Promoters have suggested that the Hamilton market has the potential to support up to ten consumer oriented shows. However at the same time, they have expressed concerns over the ability of a mixed-use facility to house both a permanent sport tenant and high volumes of trade and consumer shows.

Trade show potential in the Hamilton market appears to be more limited. Despite the potential addition of new facilities, promoters indicate a reluctance to increase trade show activity in Hamilton.

The primary industrial show presently utilizing the convention centre would seem better suited for the trade centre and convention centre management has indicated that it most likely would relocate. Promoters stress that the trade show potential in Hamilton is minimal. Hamilton does not have a sufficiently large business community to support most shows, and its proximity to Toronto makes it difficult to compete with that market.

The types of shows projected, their attendance, and show length are based on a variety of information sources. Projections have incorporated data from existing shows and the suitability or willingness to relocate, discussions with facility operators in Hamilton, interviews with promoters, and an analysis of comparable and competitive markets. Revenue projections in these cases are based on a flat rental fee per show. These fees are calculated on a prime rate for net useable space for show days and a reduced rate for move in and move out days.

EXHIBIT XXII

NHL/OHL SCHEDULE

● NHL Season based on New York Islanders 82/83
● Lead in time/out time for event

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
S	T	T ●	F ●	S	W	F	M	T	S Home Show	T NHL	T Wrestling
S Jr. "A"	W	W Jr. "A"	S NHL	M	T Concert	S	T	F	S Home Show	W Jr. "A"	F
M Jr. "A"	T NHL	T NHL	S	T	F	S	W	S	M ●	T Wrestling	S
T *NHL	F Concert	F Concert	M	W	S	M	T	S	T ●	F Concert	S Jr. "A"
W	S NHL	S NHL	T	T Wrestling	S	T	F	M	W ●	S NHL	M
T Wrestling	S Jr. "A"	S Jr. "A"	W	F	M	W	S	T	T ●	S Jr. "A"	T NHL
F Gymnastic Meet	M	M ●	T Wrestling	S	T	T Concert	S	W	F Sportsmen Show	M ●	W
S NHL	T NHL	T ●	F Concert	S	W ●	F	M	T Wrestling	S Sportsmen Show	T Ice Capades	T Wrestling
S Jr. "A"	W Jr. "A"	W Boat Show	S	M	T ●	S	T	F Concert	S Sportsmen Show	W Ice Capades	F Concert
M	T Wrestling	T Boat Show	S	T	F Consumer Show	S	W	S NHL (Exhib)	M ●	T Ice Capades	S
T NHL (orig. Feb.10)	F Concert	F Boat Show	M	W	S Consumer Show	M	T Concert	S Jr. "A"	T ●	F Ice Capades	S Jr. "A"
W Jr. "A"	S NHL	S Boat Show	T	T	S Consumer Show	T	F	M	W NHL (orig. Oct.13)	S Ice Capades	M Jr. "A"
T NHL (orig. Feb. 22)	S Jr. "A"	S Boat Show	W	F Sporting Event	M ●	W	S	T Jr. "A"	T Wrestling	S Ice Capades	T NHL
F Concert	M Jr. "A"	M ●	T	S	T	T Wrestling	S	W	F Concert	M ●	W
S NHL	T NHL	T NHL (orig. Mar. 12)	F Sporting Event	S	W	F Sporting Event	M	T NHL (Exhib)	S NHL	T NHL	T Wrestling
S Jr. "A"	W	W Jr. "A"	S	M	T Wrestling	S	T	F	S Jr. "A"	W Jr. "A"	F
M Jr. "A"	T NHL	T Wrestling	S	T	F	S	W	S Ethnic Show	M	T NHL	S NHL
T NHL	F Concert	F Concert	M	W	S	M	T Wrestling	S NHL (Exhib)	T NHL	F Sporting Event	S Jr. "A"
W	S NHL	S NHL	T	T Wrestling	S	T	F	M Jr. "A"	W Jr. "A"	S NHL	M
T Wrestling	S Jr. "A"	S Jr. "A"	W	F Concert	M	W	S	T NHL (Exhib)	T NHL	S Jr. "A"	T Jr. "A"
F Concert	M Jr. "A"	M	T Wrestling	S	T	T	S	W	F NBA(Exhib)	M	W
S NHL	T NHL	T NHL	F Tennis Exhibition	S	W	F	M	T Wrestling	S NHL	T NHL	T NHL
S Jr. "A"	W ●	W Jr. "A"	S Tennis Exhibition	M	T	S	T	F Concert	S Jr. "A"	W Jr. "A"	F
M Jr. "A"	T Circus	T NHL (orig. Mar. 26)	S	T	F	S	W	S NHL (Exhib)	M Jr. "A"	T Wrestling	S
T ●	F Circus	F ●	M	W	S	M	T	S Jr. "A"	T NHL	F Concert	S
W ●	S Circus	S ●	T	T	S	T	F	M	W	S NHL	M
T Car/Van Show	S Circus	S ●	W	F	M	W	S	T ●	T Wrestling	S Jr. "A"	T Hockey Tournament
F Car/Van Show	M ●	M Industrial Show	T	S	T	T	S	W ●	F Tennis Exhibition	M	W
S Car/Van Show		T Industrial Show	F Concert	S	W	F	M	T Home Show	S NHL	T Jr. "A"	T
S Car/Van Show		W Industrial Show	S Ethnic Show	M	T	S	T	F Home Show	S Jr. "A"	W	F
M ●		T ●		T		S	W		M		S Concert

X SCHEDULING OF EVENTS AND ATTRACTIONS

The probability of the aforementioned events occurring are based on market conditions and do not vary from scenario to scenario. However the ability of the facility to schedule these events and to accommodate them effectively does vary. In an attempt to simulate reality, we have prepared a "typical schedule of events" for each scenario proposed. These schedules will evaluate and demonstrate the facility's ability to accommodate the various sources of demand our research has shown exists.

(i) NHL/OHL Scenario

For the purposes of scheduling this scenario, only those events determined to be of high probability were considered. We assumed, based on the results of our research, that both an NHL and an OHL team could be accommodated as tenants of the Trade Centre/Arena. (See Exhibit XXII)

National League hockey dates were scheduled first due to NHL hockey being the least flexible use. Utilizing dates from the present 1982/83 NHL schedule of the New York Islanders, we scheduled all 45 regular season and exhibition games. At the same time play-off games were tentatively scheduled for the months of April and May in the event of a Hamilton NHL club reaching the play-offs since this situation confronts most arena managers when their facility houses an NHL club. The New York Islanders' schedule was chosen because it maintained a preference for Tuesday and Thursday mid-week games. This would diminish competition with the already established Wednesday night hockey in Toronto. It was felt that an NHL club in Hamilton could still expect to draw large crowds on Saturday nights regardless of games being played in Toronto.

The 20 musical concerts which our research indicated could be generated in this market were then scheduled. Based on similar facilities and promoters' preferences we scheduled the majority of dates on Friday and Saturday nights through the winter, spring and fall months. Only a small number of concerts were scheduled during the summer and these were generally on weeknights to avoid limited response due to concert attendees leaving the City on weekends.

High probability consumer and trade shows were scheduled primarily in the months of January, February, March and October, taking into account the dates of existing shows and promoters' preferences. The same rationale was involved in the scheduling of both the circus and ice show. Where necessary, NHL games were rescheduled. However, we attempted to keep this to a minimum due to the limited flexibility which exists.

Wrestling dates were scheduled on Thursday nights. This was not a factor of Thursdays being preferential but rather to present the potential consumer with some form of continuity. In most markets, one night is designated for such an event and promoters prefer this consistency.

The 40 Ontario Hockey League Games were scheduled using the beginning and ending dates for the actual OHL season. Since more flexibility exists in scheduling games for this league it was given a lower priority. Preference was given to Sunday afternoon dates, with mid-week dates scheduled to avoid television sports such as Monday nights (NFL football) and Wednesday nights (NHL hockey).
Other entertainment and sports events were scheduled showing a preference for open weekend evenings where possible, and using less than optimum time periods for secondary uses.

The net result left very little or no room for the variety of events and attractions in the medium and low probability categories. It would seem, from a scheduling perspective, that their potential as users of the Hamilton Trade Centre/Arena is even more limited specifically when more than one sport tenant at the facility is involved.

(ii) NHL Team Only Scenario
Exhibit XXIII refers to the schedule which includes an NHL tenant but no OHL team. The exclusion of 40 OHL games allows for some flexibility in scheduling additional events and attractions into the facility. In this instance, inclusion of some medium and low probability uses becomes realistic.

EXHIBIT XXIII

NHL ONLY SCHEDULE

* NHL Season based on New York Islanders 82/83
● Load in time/out time for event

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	T	T ●	F ●	S	W ●	F	M	T Wrestling	S Home Show	T NHL	T Wrestling
Other Event	W	W	S NHL	M	T ●	S	T	F	S Home Show	W	F
	T NHL	T NHL	S	T	F Consumer Show	S	W	S	M ●	T Wrestling	S Other Event
*NHL	F Concert	F Concert	M	W	S Consumer Show	M	T	S	T ●	F Concert	S
	S NHL	S NHL	T	T Wrestling	S Consumer Show	T Concert	F	M	W ●	S NHL	M
Wrestling	S	S Other Event	W	F Other Event	M ●	W	S	T	T ●	S Other Event	T NHL
Gymnastic Meet	M	M ●	T Wrestling	S	T Concert	T	S	W ●	F Sportsman Show	M ●	W
NHL	T NHL	T ●	F Concert	S	W ●	F	M	T ●	S Sportsman Show	T Ice Capades	T Wrestling
Other Event	W	W Boat Show	S	M	T ●	S	T	F Consumer Show	S Sportsman Show	W Ice Capades	F Concert
	T Wrestling	T Boat Show	S Other Event	T	F Consumer Show	S	W	S Consumer Show	M ●	T Ice Capades	S Other Event
NHL	F Concert	F Boat Show	M	W	S Consumer Show	M	T Concert	S Consumer Show	T ●	F Ice Capades	S Other Event
	S NHL	S Boat Show	T	T	S Consumer Show	T	F	M ●	W NHL	S Ice Capades	M
NHL	S Other Event	S Boat Show	W	F Sporting Event	M ●	W	S	T NHL (Exhib)	T Wrestling	S Ice Capades	T NHL
Concert	M	M ●	T	S Other Event	T	T Wrestling	S	W Concert	F Concert	M ●	W
NHL	T NHL	T NHL	F Sporting Event	S	W	F Sporting Event	M	T NHL (Exhib)	S NHL	T NHL	T Wrestling
	W	W	S Other Event	M	T Wrestling	S	T	F Ethnic Show	S Other Event	W	F Other Event
	T NHL	T Wrestling	S	T	F	S	W	S NHL (Exhib)	M	T NHL	S NHL
NHL	F Concert	F Concert	M	W	S	M	T Wrestling	S	T NHL	F Sporting Event	S
	S NHL	S NHL	T	T	S	T	F	M	W	S NHL	M
Wrestling	S	S	W	F Wrestling	M	W	S	T NHL (Exhib)	T NHL	S	T
Concert	M	M	T Wrestling	S Concert	T	T Other Event	S	W	F NBA(Exhib)	M	W
NHL	T NHL	T NHL	F Tennis Exhibition	S	W	F	M	T Wrestling	S NHL	T NHL	T NHL
	W ●	W	S Tennis Exhibition	M	T	S	T	F Concert	S	W	F Other Event
	T Circus	T NHL	S	T	F	S	W	S NHL (Exhib)	M	T Wrestling	S
●	F Circus	F ●	M	W	S	M	T	S	T NHL	F Concert	S
●	S Circus	S ●	T	T	S	T	F	M	W	S NHL	M
Car/Van Show	S Circus	S ●	W	F Other Event	M	W	S	T ●	T Wrestling	S	T Hockey Tournament
Car/Van Show	M ●	M Industrial Show	T	S	T	T	S	W ●	F Tennis Exhibition	M	W
Car/Van Show		T Industrial Show	F Concert	S	W	F	M	T Home Show	S NHL	T	T
Car/Van Show		W Industrial Show	S Ethnic Show	M	T	S	T	F Home Show	S	W	F Other Event
M ●		T ●		T		S	W		M		S Concert

Since none of the individual low or medium probability uses can be ascertained to come on stream, it would be an error to schedule these events as users of this facility. It would also be incorrect to select a portion of these events and schedule them as users of this facility since each medium probability use has a 50 percent probability of occurring and each low probability use has a 10 percent probability. Within each probability group it cannot be determined which events, if any, are most likely to occur.

To realistically portray the impact on facility utilization which low and medium probability uses will have, the probability weights must be applied to each individual event or attraction. This exercise was completed as follows:

Medium Probability Demand (excluding trade shows)

Total Performances - 28
Total Event Days - 28
0.5 probability X performances = 14
0.5 probability X event days = 14

Therefore, when probability factors are considered medium probability demand should generate an additional 14 performances and 14 event days at the facility.

Low Probability Demand

Total Performances - 38
Total Event Days - 38
0.1 probability X performances = 3.8
0.1 probability X event days = 3.8

Therefore, when probability factors are considered for low probability demand, these events should generate an additional 4 performances and 4 event days at the facility.

In addition, medium probabilities would indicate that an additional 2 consumer shows should be accommodated resulting in an additional 2 events, 6 performances and 6 move in/out days.

EXHIBIT XXIV

OHL ONLY SCHEDULE

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	T	T	F ●	S	W	F	M	T	S Home Show	T Jr. "A"	T
Jr. "A"	W	W	S	M	T	S	T	F	S Home Show	W	F Concert
	T Wrestling	T Wrestling	S	T	F	S	W	S Other Event	M ●	T Wrestling	S Other Event
Jr. "A"	F Concert	F Concert	M	W ●	S	M	T	S	T ●	F Concert	S Jr. "A"
	S Other Event	S Other Event	T	T ●	S	T	F	M	W ●	S	M
Wrestling	S Jr. "A"	S Jr. "A"	W	F Consumer Show	M	W	S	T	T ●	S Jr. "A"	T
Gymnastic Meet	M	M ●	T Wrestling	S Consumer Show	T	T	S	W	F Sportsmen Show	M ●	W
Other Event	T Jr. "A"	T ●	F Concert	S Consumer Show	W	F	M	T Wrestling	S Sportsmen Show	T Ice Capades	T
Jr. "A"	W ●	W Boat Show	S Other Event	M ●	T	S	T	F Concert	S Sportsmen Show	W Ice Capades	F Jr. "A"
	T ●	T Boat Show	S	T	F	S	W	S Other Event	M ●	T Ice Capades	S Harlem Globe-Trotters
Jr. "A"	F Consumer Show	F Boat Show	M	W	S	M	T Concert	S Jr. "A"	T ●	F Ice Capades	S Jr. "A"
	S Consumer Show	S Boat Show	T	T Wrestling	S	T	F	M	W ●	S Ice Capades	M
Wrestling	S Consumer Show	S Boat Show	W	F Sporting Event	M	W	S	T Jr. "A"	T Wrestling	S Ice Capades	T Jr. "A"
Concert	M ●	M ●	T	S Other Event	T Concert	T Wrestling	S	W	F Concert	M ●	W
Other Event	T Jr. "A"	T Jr. "A"	F Sporting Event	S	W	F Sporting Event	M	T	S Other Event	T Jr. "A"	T Wrestling
Jr. "A"	W	W	S	M	T Wrestling	S	T	F Concert	S Jr. "A"	W	F Concert
	T Wrestling	T Wrestling	S	T	F	S	W	S Ethnic Show	M	T	S Other Event
Jr. "A"	F Concert	F Concert	M	W	S	M	T Wrestling	S Jr. "A"	T Jr. "A"	F Sporting Event	S Jr. "A"
●	S Other Event	S Other Event	T	T	S	T	F	M	W	S Other Event	M
●	S Jr. "A"	S Jr. "A"	W	F Concert	M	W	S	T Jr. "A"	T Jr. "A"	S Jr. "A"	T Jr. "A"
Consumer Show	M	M	T Wrestling	S	T	T Concert	S	W	F NBA(ExNB)	M	W
Consumer Show	T Jr. "A"	T Jr. "A"	F Tennis Exhibition	S	W	F	M	T Wrestling	S Other Event	T Jr. "A"	T
Consumer Show	W ●	W	S Tennis Exhibition	M	T	S	T	F Concert	S Jr. "A"	W	F Jr. "A"
●	T Circus	T Jr. "A"	S	T	F	S	W	S NHL (ExNB)	M	T Wrestling	S
(	F Circus	F ●	M	W	S	M	T	S Jr. "A"	T Jr. "A"	F Concert	S
●	S Circus	S ●	T	T Wrestling	S	T	F	M	W	S Other Event	M
Car/Van Show	S Circus	S ●	W	F	M	W	S	T ●	T Wrestling	S Jr. "A"	T Hockey Tournament
Car/Van Show	M ●	M Industrial Show	T	S Other Event	T	T	S	W ●	F Tennis Exhibition	M	W
Car/Van Show		T Industrial Show	F Concert	S	W	F	M	T Home Show	S Other Event	T Jr. "A"	T
Car/Van Show		W Industrial Show	S Ethnic Show	M	T	S	T	F Home Show	S Jr. "A"	W	F
●		T ●		T		S	W		M		S Concert

URBAN DOCUMENTATION CENTRE
RESEARCH UNIT FOR URBAN STUDIES
McMASTER UNIVERSITY
HAMILTON, ONTARIO

Scheduling of these events and attractions is somewhat difficult. While the exclusion of an OHL club frees up 40 potential dates, in many instances these are less than desirable time slots. In terms of the additional 18 events and performances as well as the additional 2 consumer shows, greater emphasis must be put on facility management to first attract these events to the facility, and then to schedule them effectively. In some instances, although a potential user may be interested in using the facility, the unavailability of desired time periods may lead them to utilize other facilities.

(iii) No NHL - OHL Team Only Scenario

In terms of scheduling, both an American Hockey League Club or Ontario Hockey League Club could be interchangeable. Exhibit XXIV refers to OHL games, however this could also represent AHL games. In either case, without an NHL club, the schedule of the facility becomes more open and thus allows for the inclusion of some other events and attractions as was the case in the NHL Only scenario.

The void left by the absence of an NHL club makes the replacement of these additional 18 events and performances relatively straightforward, whereas an NHL exhibition game also becomes a high probability use. Since individual characteristics of users cannot be applied to these "other events" it is assumed that they would prefer the advantagous Saturday night spots left open by the NHL team. In addition, these probabilities would indicate that the additional 2 consumer shows could be accommodated resulting in an additional 2 events, 6 performances and 6 move in/out days.

(iv) No Hockey Scenario

Tnis scenario represents potentially the lowest facility utilization of those scenarios envisioned. With neither an NHL club nor an AHL/OHL club the facility is without 85 potential performances. The number of events which could be accommodated from the medium and low probability generators have already been considered in the NHL and OHL only scenarios. As market conditions

EXHIBIT XXV

NO HOCKEY SCHEDULE

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
	T	T	F ●	S	W	F	M	T	S Home Show	T	T
	W	W	S	M	T	S	T	F	S Home Show	W	F Concert
	T Wrestling	T Wrestling	S	T	F	S	W	S Other Event	M ●	T Wrestling	S Other Event
	F Concert	F Concert	M	W ●	S	M	T	S	T ●	F Concert	S
	S Other Event	S Other Event	T	T ●	S	T	F	M	W ●	S	M
Wrestling	S	S	W	F Consumer Show	M	W	S	T	T ●	S	T
Gymnastic Meet	M	M ●	T Wrestling	S Consumer Show	T	T	S	W	F Sportsmen Show	M ●	W
Other Event	T	T ●	F Concert	S Consumer Show	W	F	M	T Wrestling	S Sportsmen Show	T Ice Capades	T
	W ●	W Boat Show	S Other Event	M ●	T	S	T	F Concert	S Sportsmen Show	W Ice Capades	F
	T ●	T Boat Show	S	T	F	S	W	S Other Event	M ●	T Ice Capades	S Harlem Globe-Trotters
	F Consumer Show	F Boat Show	M	W	S	M	T Concert	S	T ●	F Ice Capades	S
	S Consumer Show	S Boat Show	T	T Wrestling	S	T	F	M	W ●	S Ice Capades	M
Wrestling	S Consumer Show	S Boat Show	W	F Sporting Event	M	W	S	T	T Wrestling	S Ice Capades	T
Concert	M ●	M ●	T	S Other Event	T Concert	T Wrestling	S	W	F Concert	M ●	W
Other Event	T	T ●	F Sporting Event	S	W	F Sporting Event	M	T	S Other Event	T	T Wrestling
	W	W	S	M	T Wrestling	S	T	F Concert	S	W	F Concert
	T Wrestling	T Wrestling	S	T	F	S	W	S Ethnic Show	M	T	S Other Event
	F Concert	F Concert	M	W	S	M	T Wrestling	S	T	F Sporting Event	S
●	S Other Event	S Other Event	T	T	S	T	F	M	W	S Other Event	M
●	S	S	W	F Concert	M	W	S	T	T	S	T
Consumer Show	M	M	T Wrestling	S	T	T Concert	S	W	F NBA(Exhib)	M	W
Consumer Show	T	T	F Tennis Exhibition	S	W	F	M	T Wrestling	S Other Event	T	T
Consumer Show	W ●	W	S Tennis Exhibition	M	T	S	T	F Concert	S	W	F
●	T Circus	T	S	T	F	S	W	S NHL (Exhib)	M	T Wrestling	S
	F Circus	F ●	M	W	S	M	T	S	T	F Concert	S
●	S Circus	S ●	T	T Wrestling	S	T	F	M	W	S Other Event	M
Car/Van Show	S Circus	S ●	W	F	M	W	S	T ●	T Wrestling	S	T Hockey Tournament
Car/Van Show	M ●	M Industrial Show	T	S Other Event	T	T	S	W ●	F Tennis Exhibition	M	W
Car/Van Show		T Industrial Show	F Concert	S	W	F	M	T Home Show	S Other Event	T	T
Car/Van Show		W Industrial Show	S Ethnic Show	M	T	S	T	F Home Show	S	W	F
M ●		T		T		S	W		M		S Concert

exist at present, and with an evaluation of potential, it appears there is little additional demand for the facility. As shown in Exhibit XXV the net result will be a direct reduction of 40 event days and performances from the OHL scenario with no replacement events available. While the facility may become more active in co-promotion of events or may allow for more community oriented events, these are factors which cannot be measured at present. It would seem that the only major change from the OHL scenario would be the loss of 40 hockey games and thus the rescheduling of some trade or consumer shows into more preferable winter, spring or fall time slots.

CONCLUSIONS

Based on our analysis of comparable facilities, an examination of market conditions in Hamilton, the physical suitability of the Trade Centre/Arena itself and the implications of event scheduling, the various levels of utilization for the facility under the four scenarios are as follows:

NHL/OHL SCENARIO

Year Total

NHL	40 regular, 5 exhibition	
OHL	35 regular, 5 exhibition	
Wrestling	20	
Concerts	20	
Consumer Shows	5	(9/22/8)* (39 Days)**
Industrial Shows	1	(3/3/2) (8 Days)
Circus	1	(1/4/1) (9 performances) (6 Days)
Ice Shows	1	(1/6/1) (9 performances) (8 Days)
Tennis Exhibitions	3	
NBA Exhibitions	1	
Harlem Globetrotters	1	
Sporting Events	6	
Ethnic Shows	2	

146 events - 181 performances - 199 days

NHL ONLY SCENARIO

NHL	40 regular, 5 exhibition	
Wrestling	20	
Concerts	20	
Consumer Shows	5	(9/22/8) (39 days)
Industrial Shows	1	(3/3/2) (8 days)
Circus	1	(1/4/1) (9 performances) (6 days)
Ice Shows	1	(1/6/1) (9 performances) (8 days)
Tennis Exhibitions	3	
Sporting Events	6	
Harlem Globetrotters	1	
Other Events	18	
Other Consumer Shows	2	(4/6/2) (12 days)
Ethnic Snows	2	

127 events - 165 performances - 190 days

OHL ONLY SCENARIO

OHL	35 regular, 5 exhibition	
Wrestling	20	
Concerts	20	
Consumer Snows	5	(9/22/8) (39 Days)
Industrial Shows	1	(3/3/2) (8 Days)
Circus	1	(1/4/1) (9 performances) (6 Days)
Ice Shows	1	(1/6/1) (9 performances) (8 Days)
Tennis Exhibitions	3	
NBA Exhibitions	1	
NHL Exhibition	1	
Sporting Events	6	
Harlem Globetrotters	1	
Other Events	18	
Other Consumer Shows	2	(4/6/2) (12 Days)
Ethnic Shows	2	

122 events - 161 performances - 185 days

NO HOCKEY SCENARIO

Wrestling	20	
Concerts	20	
Consumer Shows	5	(9/22/8) (39 Days)
Industrial Shows	1	(3/3/2) (8 Days)
Circus	1	(1/4/1) (9 performances) (6 Days)
Ice Shows	1	(1/6/1) (9 performances) (8 Days)
Tennis Exhibitions	3	
NBA Exhibitions	1	
NHL Exhibition	1	
Sporting Events	6	
Harlem Globetrotters	1	
Other Events	18	
Other Consumer Shows	2	(4/6/2) (12 Days)
Ethnic Shows	2	

82 events - 121 performances - 145 days

* (move in days/event days/move out days)

** (total days required including event days and move in/move out time)

XI FINANCIAL PROJECTIONS

Revenue Estimates
Underlying Assumptions

The revenue projections for the Hamilton Trade Centre/Arena have been estimated based on the analysis of revenue achieved by both competitive and comparable facilities and interviews with probable facility users. This data was then integrated with an evaluation of local market conditions and market share estimates were derived. The projections were then tested against comparable facilities to ensure reasonableness and adjusted as required. Further assumptions utilized in our projections include the following:

i) These projections represent a typical year of operation and are presented in 1982 dollars. In each scenario the projections are based on the assumption that the initial startup and awareness building period has taken place and therefore the facility is close to achieving the currently predictable level of market penetration.

ii) It has been assumed that the facility will be profit-oriented and management philosophy will reflect this objective. It is also assumed that management will be well-experienced and therefore competent with respect to Trade Centre/Arena operations and where applicable, concession operations as well.

iii) Revenue projections for arena rentals assume that the facility will adopt the accounting practice of measuring revenues net of recoverable costs per event.

iv) No assumptions have been made with respect to changes in liquor legislation allowing beer sales in arena facilities. However additional concession projections have been prepared to account for these revenues in order to demonstrate the effect of changes in existing law.

v) Assumptions have been made with respect to the probability of an event or attraction taking place and the resulting revenue impact. It has been assumed that revenue varies directly with the probability of an event taking place (ie. if probability of occurrence is 10%, then 10% of the event's total potential revenue has been taken into account).

vi) Varying levels of advertising revenue have been considered based on comparable situations, the impact of different scenarios, and potential agreements presented to the City.

vii) It has been assumed that management will have the ability and initiative to co-promote events and attractions at the facility and generate additional revenues.

Arena Rentals

Projected revenues from the Trade Centre/Arena rentals are based on two methods of payment: one being a straight rental fee and the other based on the facility receiving a percentage of the total revenues generated by the event or attraction. In both situations the rental revenue includes only the use of the facility.

Direct costs such as event security, ushers, and admission control are charged back to the promoter of that event. The rental revenue projected represents the fee paid for use of the facility only and assumes, as is the case with most facilities, that those direct costs associated with an event or attraction are recoverable.

With the exception of trade and convention shows, as well as specific event rentals such as religious events, flea markets, and some sports uses, arena revenue is a percentage of total revenues. The percentage received by an arena is usually negotiated from event to event. However, most facilities attempt to establish a standard rate per event type. Based on our research of comparable facilities and the competitive market we have assumed a two level revenue

percentage for the Trade Centre/Arena. For sports oriented uses we have assumed a percentage level of 15.0 percent and, for most entertainment attractions we have assumed a level of 12.5 percent. As noted previously, these percentages are negotiable. It is probable that the facility management would establish a similar standard rate policy in order to avoid what may otherwise appear to be preferential or discriminatory practices against specific users or promoters.

Flat rental fees will be based on $2,000 or $4,000 rent per day. The lesser rate would be applied to lower order community events (ie. high school hockey tournaments, university exams, etc.). The higher fee would be applied to events which are more facility use intensive, but where percentage revenue may not be suitable (ie. religious events which are not profit-oriented or do not generate gate receipts but attract large attendance).

Trade and consumer show revenue is based on a rental fee of $0.80 per net usable square foot for show days and half that fee for move-in and move-out days. Net usable square footage refers to that area which is actually usable by the show promoter. It is generally accepted that from 50.0% to 70.0% of gross space is usable. Based on our analysis of plans for the Trade Centre/Arena we have estimated that approximately 40,000 square feet or 66.6% of the 60,000 square foot area will be usable. It should also be noted that it is extremely difficult in practice to obtain a full fee for move-in and move-out time for a show. In fact it is common that the show promoter be given 1-1/2 days rent free as an incentive to bring a show to the facility. We have excluded this 1-1/2 days of "potential" rent from our revenue projections.

When deriving arena rental revenue, revenue generated as a percentage of total sales becomes a function of the attendance for each event and the ticket prices charged. Flat rental revenue is a function of the number of days an event occurs. Ticket sales also include a 10 percent provincial amusement tax that must be deducted before calculating the arena's revenue. Exhibit XXVI

EXHIBIT XXVI

ARENA RENTAL REVENUE
DETAILED

TYPE	ATTENDANCE	AVERAGE TICKET PRICE	GROSS REVENUE	ARENA $ OF GROSS REVENUE	ARENA REVENUE*
N.H.L. Team	585,000	$12.00	$7,020,000	13.0	$897,273
A.H.L. Team	160,000	7.00	1,120,000	13.0	152,727
O.H.A. Team	160,000	4.00	640,000	13.0	87,273
N.H.L. Exhibition	13,000	12.00	156,000	13.0	21,273
HIGH PROBABILITY DEMAND					
Pro Wrestling	80,000	6.50	520,000	13.0	70,909
Tennis	21,000	13.00	273,000	13.0	37,227
Pro Basketball Exhibition	10,000	10.00	100,000	13.0	13,636
Other Sports	N/A	$2,000 /Event	12,000	N/A	12,000
Ice Capades	63,000	8.00	504,000	12.5	57,273
Circus	45,000	8.00	360,000	12.5	40,909
Harlem Globe Trotters	13,000	7.00	91,000	12.5	10,341
Musical Concerts	240,000	13.00	3,120,000	12.5	354,545
Ethnic Shows	18,000	14.00	252,000	12.5	28,636
TOTAL			$5,232,000		$625,476
MEDIUM PROBABILITY DEMAND					
Closed Circuit Sports	42,000	15.00	$630,000	13.0	$85,909
Family/Other Shows	56,000	5.00	280,000	13.0	38,182
Religious Events	N/A	$4,000 /Day	20,000	N/A	20,000
Horse Show	5,000	7.00	35,000	12.5	3,977
TOTAL			$965,000		$148,068
				(revenues @ .5 prob)	($74,034)
LOW PROBABILITY DEMAND					
Indoor Soccer	54,000	8.00	432,000	13.0	58,909
Flea Markets	N/A	$2,000 /Day	48,000	N/A	48,000
Truck Pull	6,000	8.00	48,000	12.5	5,455
Moto Cross	6,000	8.00	48,000	12.5	5,455
Rodeo	24,000	7.00	168,000	12.5	19,091
TOTAL			$744,000		$136,910
				(revenues @ .5 prob)	($13,691)

TRADE SHOWS	MOVING DAYS	REVENUE @ $1600/DAY**	SHOW DAYS	REVENUE @ $3200/DAY	TOTAL	TOTAL DAYS
HIGH PROBABILITY						
Boat	3	$2,400	5	$16,000	$18,400	8
Sportsman	6	7,200	5	16,000	23,200	11
Home	3	2,400	4	12,800	15,200	7
Car/Van	3	2,400	4	12,800	15,200	7
Other	3	2,400	3	9,600	12,000	6
Industrial	5	5,600	3	9,600	15,200	8
TOTAL	23	$22,400	24	$76,800	$99,200	47
MEDIUM PROBABILITY						
Other Consumer Shows (4)	3	2,400	3	9,600	12,000	6
	12	$9,600	12	$38,400	$48,000	24
				(revenues @ .5 prob)	(24,000)	

* Arena revenue based on a percentage of gross revenue less amusement tax.

on the facing page illustrates the arena rental revenue generated by each event type categorized as low, medium, or high probability. When calculating total arena rental revenue for each scenario, the probability factor for low and medium probability events must be applied to portray the impact on total rental revenue. The following amounts represent arena rental revenue potential under each of the individual scenarios:

ARENA RENTAL REVENUES ($000)

NHL/OHL SCENARIO

NHL Team	-	$ 957
OHL Team	-	87
High Probability Events	-	626
High Probability Trade Shows	-	99
Total	-	$1,769

NHL ONLY SCENARIO

NHL Team	-	$ 957
High Probability Events	-	626
Medium Probability Events	-	74
Low Probability Events	-	14
High Probability Trade Shows	-	99
Low Probability Trade Shows	-	24
Total	-	$1,794

OHL ONLY SCENARIO

OHL Team	-	$ 87
NHL Exhibition	-	21
High Probability Events	-	626
Medium Probability Events	-	74
Low Probability Events	-	14
High Probability Trade Shows	-	99
Medium Probability Trade Shows	-	24
Total		$ 945

EXHIBIT XXVII

ARENA CONCESSION REVENUE

DETAILED

(1982 dollars)

TYPE	ATTENDANCE	$/CAPITA*	GROSS CONCESSION REV.	ARENA REV. @ 30%	ARENA REV. @ 40%
N.H.L. Team	585,000	1.50	$877,500	$263,250	$351,000
A.H.L. Team	160,000	1.50	240,000	72,000	96,000
O.H.A. Team	160,000	1.50	240,000	72,000	96,000
N.H.L. Exhibition	13,000	1.50	19,500	5,850	7,800
HIGH PROBABILITY DEMAND					
Pro Wrestling	80,000	1.20	96,000	28,800	38,400
Tennis	21,000	1.00	21,000	6,300	8,400
Pro Basketball Exhibition	10,000	1.50	15,000	4,500	6,000
Other Sports	30,000	.75	22,500	6,750	9,000
Ice Capades	63,000	1.20	75,600	22,680	30,240
Circus	45,000	1.50	67,500	20,250	27,000
Harlem Globe Trotters	13,000	1.20	15,600	4,680	6,240
Musical Concerts	240,000	2.00	480,000	144,000	192,000
Ethnic Shows	18,000	2.00	36,000	10,800	14,400
TOTAL			$829,200	$248,760	$331,680
MEDIUM PROBABILITY DEMAND					
Closed Circuit Sports	42,000	2.00	$84,000	$25,200	$33,600
Family/Other Shows	56,000	1.25	70,000	21,000	28,000
Horse Show	5,000	1.50	7,500	2,250	3,000
TOTAL			$161,500	$48,450	$64,600
			(revenues @ .5 prob)	($24,225)	($32,300)
LOW PROBABILITY DEMAND					
Indoor Soccer	54,000	1.00	$54,000	$16,200	$21,600
Flea Markets	48,000	.75	36,000	10,800	14,400
Truck Pull	6,000	1.40	8,400	2,520	3,360
Moto Cross	6,000	1.50	9,000	2,700	3,600
Rodeo	24,000	1.50	36,000	10,800	14,400
TOTAL			$143,400	$43,020	$57,360
			(revenues @ .1 prob)	($4,302)	($5,735)
HIGH PROBABILITY DEMAND					
TRADE SHOWS	112,000	1.00	$112,000	$33,600	$44,800
MEDIUM PROBABILITY DEMAND	48,000	$1.00	$48,000	$14,400	$19,200
			(revenues @ .1 prob)	($1,440)	($1,920)

* All figures are net of tax

NO HOCKEY SCENARIO

NHL Exhibition	-	$ 21
High Probability Events	-	626
Medium Probability Events	-	74
Low Probability Events	-	14
High Probability Trade Shows	-	99
Medium Probability Trade Shows	-	24
Total	-	$ 858

Concession Operations

As previously noted, the analysis of concession facilities included discussions with arena operators as well as direct input from experienced concession firms. Gross concession revenue figures were derived by reducing concession expenditures per event to a per capita base by type of event.

These per capita figures include expenditures for food, beverage, and consumer goods such as souvenirs, T-shirts, and programs. They do not consider beer sales. Exhibit XXVII on the facing page presents these calculations.

The per capita expenditures have been applied to attendance projections per event to calculate gross concession revenue. These figures were then percentaged to derive the net impact of internal and external concession operations.

It was beyond the scope of this study to undertake a market study for restaurant demand, however we have considered these potential revenues in our projections. Our analysis indicates that, generally, restaurant revenues represent 13% of total concession revenues and this assumption has been utilized for this estimate. Exhibit XXVII includes these calculations.

Again as a result of our analysis of comparable facilities and specific market research we have used a level of 30% net rent to the arena owner if concessions were operated externally and 40% of gross concession revenue if operated internally.

EXHIBIT XXVIII

CONCESSION AND RESTAURANT REVENUES

NHL SCENARIO

(1982 dollars)

	Gross Concession Revenue	Arena Revenue @30%	Arena Revenue @40%
NHL TEAM	$878	$263	$351
OHL TEAM	240	72	96
HIGH PROBABILITY EVENTS	829	249	332
HIGH PROBABILITY TRADE SHOWS	112	34	45
RESTAURANT REVENUES (@13.0%)	308	92	123
TOTAL	$2,366	$710	$947

NHL ONLY SCENARIO

NHL TEAM	878	263	351
HIGH PROBABILITY EVENTS	829	249	332
MEDIUM PROBABILITY EVENTS	81	24	32
LOW PROBABILITY EVENTS	14	4	6
HIGH PROBABILITY TRADE SHOWS	112	34	45
MEDIUM PROBABILITY TRADE SHOWS	24	7	10
RESTAURANT REVENUES (@13%)	290	87	116
TOTAL	$2,228	$668	$892

OHL ONLY SCENARIO

OHL	$240	$72	$96
NHL EXHIBITION	29	6	8
HIGH PROBABILITY EVENTS	829	248	332
MEDIUM PROBABILITY EVENTS	81	24	32
LOW PROBABILITY EVENTS	14	4	6
HIGH PROBABILITY TRADE SHOWS	112	34	45
MEDIUM PROBABILITY TRADE SHOWS	24	7	10
RESTAURANT REVENUES (@13%)	197	59	79
TOTAL	$1,517	$455	$607

NO HOCKEY SCENARIO

NHL EXHIBITION	$19	$5	$7
HIGH PROBABILITY EVENTS	829	248	331
MEDIUM PROBABILITY EVENTS	80	24	32
LOW PROBABILITY EVENTS	14	4	5
HIGH PROBABILITY TRADE SHOWS	112	33	44
MEDIUM PROBABILITY TRADE SHOWS	24	7	9
RESTAURANT REVENUES (@13%)	161	48	64
TOTAL	$1,241	$372	$496

Total concession revenues to the arena operator are based on the total revenues generated by the events or groups of events which will occur in each scenario. As was the case when calculating arena rental revenues for these scenarios, the probability factor for low and medium probability events must be applied to that group of events and attractions to portray their impact on arena concession revenues. These projections also consider the impact of both internal and external concession operations.

The discussions relating to the relative merits of both internal and external concession operations were outlined in Section IV of the report. For the purposes of these projections we have also assumed that the level of efficiency generated by a professional concessionaire can be duplicated by an internally run operation.

In addition, our research indicated that the effect of beer sales in the facility is a net increase in total concession revenue of 20%. While the potential for this change in legislation would seem positive due to the recent policy changes with respect to outdoor public facilities (ie. football and baseball stadiums), it was beyond the mandate of this study to determine the probability of this change actually occuring. In order to reflect this revenue potential we have adjusted the arena concession revenues to reflect both sales with beer and sales without. The figures outlined on the following page reflect the net arena revenues from concession sales and have been derived from those figures shown in Exhibit XXVIII on the opposite page.

Arena Concession Revenues ($000)

Scenario	External Concessions @ 30%	Internal Concessions @ 40%
NHL/OHL		
without beer sales	$ 710	$ 947
with beer sales	852	1,136
NHL only		
without beer sales	608	892
with beer sales	802	1,070
OHL only		
without beer sales	445	607
with beer sales	546	728
No Hockey		
without beer sales	372	496
with beer sales	447	596

Corporate Boxes

As outlined in our discussions with the Technical Committee and as evident through our review of present plans for the Trade Centre/Arena, provisions will be made for 18 corporate executive boxes. These facilities present an opportunity to create significant revenue for the Arena, but as our research

indicates, these opportunities are somewhat dependent upon the existance of a major sport tenant. Our analysis of comparable facilities also indicates that corporate boxes generally range from an annual fee of $20,000 to $40,000 depending upon the events and attractions available. The subscriber or user is entitled to the use of an unfurnished box, supplied with only the basic utilities. All capital costs for interior design and furnishings are the responsibility of the lessee.

In some instances a lower fee is charged strictly for the box while tickets are sold on a per event basis. In most cases it is more desirable to include ticket prices as part of the overall cost of the box and to reimburse the ticket price to the promoter of an event.

For the purposes of these projections, we have assumed a price of $25,000 per year for each box, if Hamilton is successful in obtaining an NHL franchise. This annual price of $25,000 would include a maximum of 10 tickets per performance and has been calculated to include the potential costs of tickets and total revenues to the arena, by event.

Ticket costs per box would approximate $13,600 in both the NHL scenarios. Arena revenue would be $25,000 minus the $13,600 or a base price of $11,400. In addition, the arena would receive approximately 12.5% of the gross ticket sales generated by these boxes (net of 10% amusement tax) or an additional $1,530. This represents a potential revenue of $12,930 per box, or approximately $13,000.

In the remaining scenarios, OHL ONLY and NO HOCKEY, the desirability of constructing corporate boxes is minimal. The mix of events and attractions would not be sufficiently attractive to generate strong interest from the market. Some boxes located in strategic positions may be advantageous for viewing selected, specific events. However, without a major sport tenant it is unlikely they will sell on a seasonal basis. A strong argument could be made for constructing fewer boxes but situating them in more advantageous locations and renting them on a per event basis, in both the OHL and NO HOCKEY

scenarios. However, to rent the boxes on a per event basis they would have to be fully furnished and equipped resulting in capital costs far beyond those originally envisioned for construction.

The return on this increased investment would be minimal. Total gross ticket sales for the OHL and NO HOCKEY scenarios would generate $9,000 and $7,500 per box respectively. This would represent arena rental revenue (net of amusement tax) of $1,000 and $850 per box per season if all tickets to all events were sold. Considering the minimal demand for OHL hockey with respect to NHL hockey, those people renting corporate boxes would be restricted to a limited selection of other sporting events, concerts, and family shows. While increased ticket prices or rental costs would be associated with use of these boxes it is highly unlikely that this revenue would be enough to warrant their construction.

Our discussions with the architects have indicated that should the corporate boxes not be constructed when the facility is initially opened, they could be accommodated when required at a later date. It would be more cost effective however to build the shells for these boxes during the initial construction of the building and lease them as demand is generated. Based on this assumption we have shown revenue for these boxes in the NHL scenarios only. The absence or inclusion of corporate boxes in any of the scenarios will have no effect on our attendance projections since this impact was already considered in our projections.

Retail Space Rental

Original plans for the retail component of the Trade Centre/Arena provided for 60,000 square feet of available retail space. Revenue estimates by the City of Hamilton's Real Estate Division were based on a net rentable area of 36,000 square feet (60% of gross space) and a rental rate of $20. per square foot gross. Direct costs against revenues included utilities and taxes for common areas which represented approximately 20% of revenues. This resulted in retail rental revenues of $576,000 to the City.

In the original plans, the restaurant was shown as an individual component and not part of the 60,000 square feet of retail space. Present plans have reduced this area considerably and the restaurant component has now been relocated to be included in the commercial space. This relocation was primarily a function of the need for more effective use of space in other areas of the arena, as well as conforming to present market conditions which have indicated that 60,000 square feet was far too large for the retail space.

Discussions with realtors presently operating in the Hamilton area have indicated that when the Standard Life Building and the proposed hotel are completed, the immediate area will be overbuilt in terms of retail space. While demand for retail space could be expected to increase in the future, it is unlikely that an additional 60,000 square feet could be absorbed into the market effectively. The smaller space presently proposed has a greater potential of being utilized.

Our analysis of the most recent drawings for the Trade Centre/Arena has indicated that there are 28,433 square feet of gross retail space available. At 60 percent of gross leasable space, net space available would be 17,060 square feet. In addition, an NHL hockey team would require approximately 5,000 square feet for offices, and would generate further revenue for the City. Provisions for these offices are already included in the drawings and this represents additional space not included in the figure of 17,060.

The restaurant planned for the complex will utilize a great deal of the space previously allocated as commercial space and is not part of the 22,060 square feet (retail space and team offices) which will generate revenue to the City. It has been assumed that the restaurant will be operated by the concessionnaire (either the City itself or an independent concession operator) and revenues from this foodservice facility have been included in our financial projections.

Our research within the Hamilton market has also indicated that a net revenue of $12 - $15 per square feet is realistic for this retail space. Net revenue per square foot is exclusive of all operating costs (ie., heat, light, and power) and represents straight operating profit to the City.

Based on the aforementioned assumptions, the potential retail rental revenue to the City has been estimated in all scenarios at $300,000 per year (22,060 square feet x $13.50/square foot). However it must be stressed that the City will be attempting to sell retail space in a market that gives many indications of being potentially overbuilt.

Also, it would be offering retail space that in many cases could be considered less than optimal. Primary users of this space would be retail outlets whose products relate strongly to Trade Centre/Arena uses. This factor itself would appear to limit opportunities for the commercial area.

Advertising Revenues

In addition to the various other revenue generators, the Trade Centre/Arena is expected to benefit from the sale of advertising space throughout the facility. These would potentially include such items as:

- display advertising
- endzone display panels
- scoreboard
- out of town scoreboards
- rent boards
- ice machine

The potential revenues are generally dependent upon the reach of audience. Not only does an NHL team increase the number of arena attendees who will be exposed to the advertising, it will also allow for television broadcasting thereby magnifying the impact of the advertising tremendously.

In a non-NHL scenario the advertising impact is limited to those people attending arena events and attractions only. Excluding the impact of television, the absence of an NHL tenant results in over 40% less advertising exposure (ie. annual attendance is over 40% less when all events and attractions are considered).

In other comparable mixed use facilities annual advertising revenues exceed $300,000. However in most of these examples the impact of beer sales on these revenues is a major factor. While the sale of beer is, at present, an undetermined factor, current interest in the Hamilton Trade Centre/Arena's potential for advertising make this $300,000 figure realistic with the inclusion of a NHL team at the facility.

While current interest could potentially generate this level of revenue with or without an NHL team it is also dependent upon the ability to sell beer in the complex. Since no formal advertising agreement exists, and beer sales are uncertain, we have projected advertising revenues in both non NHL scenarios at $85,000 per year. This estimate is reflective of the comparable facilities as well as the exposure the advertising would receive in these situations.

Event Promotion

As outlined in the assumptions for these revenue projections, it has been assumed that facility management will be both profit-oriented and competent.

The ability of management to successfully co-promote a variety of events and attractions at the Trade Centre/Arena will be essential. The complex's need to attract this demand increases signficantly if there is no NHL franchise. Our research of other facilities indicated that potential revenues from this source are a major factor in showing operating profits. This operating condition will also exist in the Hamilton situation.

Projections for the Hamilton Trade Centre/Arena show revenue potential of $85,000 in the NHL/OHL scenario and $115,000 in the NHL only, OHL only and No Hockey scenarios. These event promotion revenues are indicative of

EXHIBIT XXIX

ARENA REVENUES

(1982 dollars)

($000's)

	NHL/OHL		NHL ONLY		OHL ONLY		NO HOCKEY	
	External Concessions	Internal Concessions	External Concessions	Internal Concessions	External Concessions	Internal Concessions	External Concessions	Internal Concessions
Arena Rentals	$1,769	$1,769	$1,794	$1,794	$945	$945	$858	$858
Concessions	709	946	668	892	455	607	372	496
Corporate boxes (1)	234	234	234	234				
Retail	300	300	300	300	300	300	300	300
Advertising	200	200	200	200	85	85	85	85
Promotion	85	85	115	115	115	115	115	115
Total	$3,298	$3,535	$3,311	$3,535	$1,900	$2,052	$1,730	$1,854
Adjusted total if beer sales allowed	$3,440	$3,724	$3,445	$3,713	$1,991	$2,173	$1,804	$1,953

NOTES

(1) Corporate Boxes - 18 boxes at $13,000/box

Numbers may not add due to rounding

operating conditions in comparable facilities as well as accounting for the potential which exists for promotion in each scenario. Strong demand exists for the Trade Centre/Arena in the NHL/OHL scenario and high utilization of the facility (85 hockey dates) limits the revenue potential from this source. In the other scenarios the abililty to accommodate a higher number of consumer shows and events not only makes these revenues more easily attainable but also lowers facility utilization making these revenues more important. In each situation these projections are a function of both comparable data and current market conditions in Hamilton.

Arena Revenues

Exhibit XXIX outlines the potential arena revenues which would result in each scenario. These revenues range from the low potential generated in the No Hockey, to the OHL ONLY Scenario, to the high revenues generated in the NHL Scenarios. This range of low to high revenue generating scenarios remains constant regardless of internal or external concessions, and with or without the impact of beer sales. While marginally greater arena revenues are experienced in the NHL only scenario than in the NHL/OHL scenario, this is more a function of increased revenues from event promotion. While lower utilization of the facility dictates more co-promotion of events from arena management, these increased revenues are almost totally dependent upon the skills and talents of these individuals.

ESTIMATED OPERATING COSTS

Underlying Assumptions

Our operating estimates for the Hamilton Trade Centre/Arena are primarily based on the operating experience of comparable and competitive facilities. In addition, assumptions peculiar to the Hamilton situation are based on directives and recommendations from the Technical Committee with respect to guidelines and policies to be adopted for operation. Generally these assumptions pertain to all scenarios presented and are as follows:

i) Operating costs are representative of a typical year of operation and are presented in 1982 dollars. In each scenario, operating costs are based on the assumption that demand potential of the facility has been reached.

ii) It has been assumed that facility management will adopt a profit-oriented operating philosophy. This assumption is reflected in both the revenue and operating estimates.

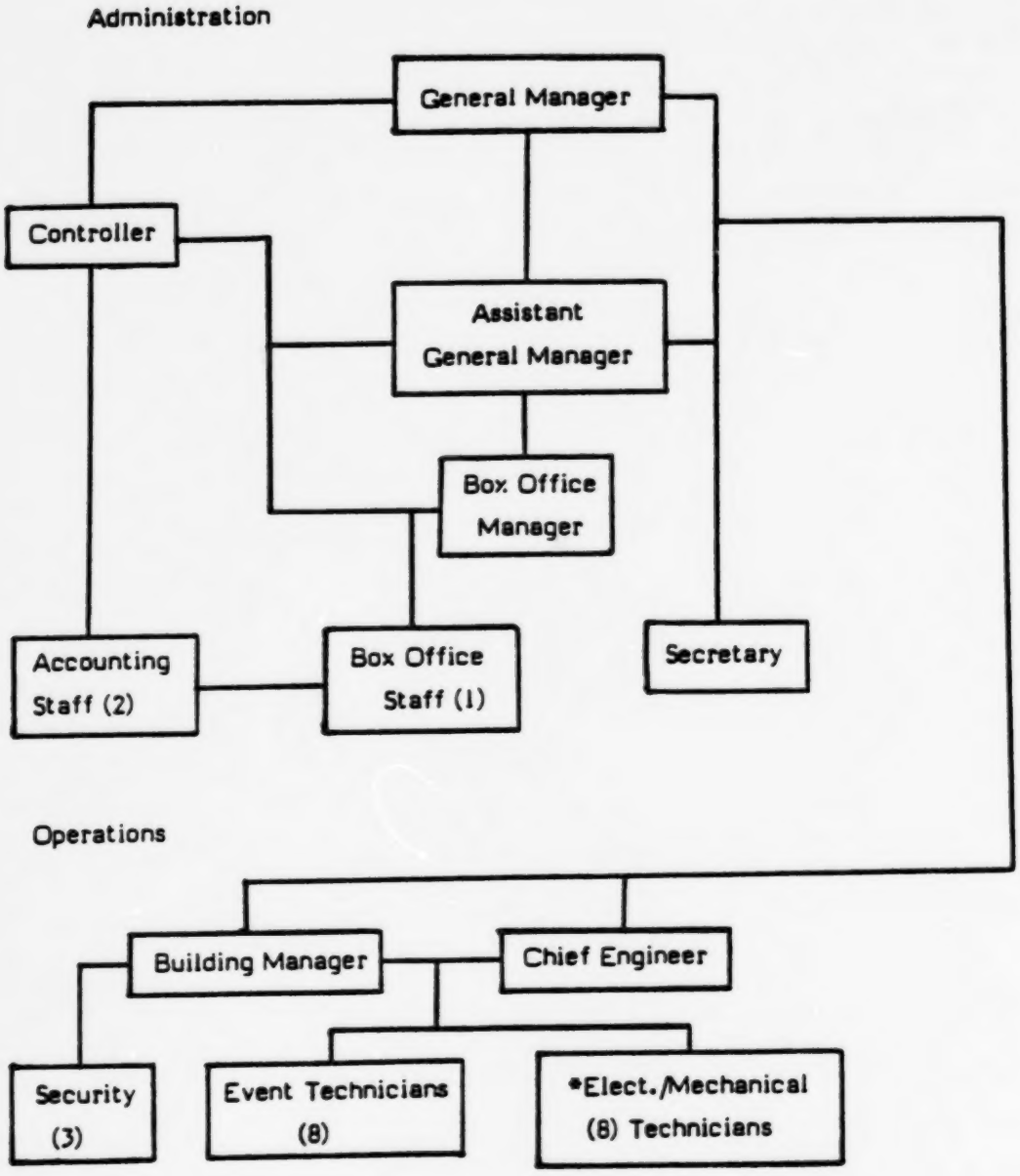
iii) Certain adjustments have been made with respect to staffing and payroll to reflect operating conditions within the City of Hamilton's public sector. The major categories include salary levels and availability of City supplied manpower and services. The implication is a reduction in staffing and payroll expenses below that which would normally be incurred by an independent operation. We have also included employee benefits at 20% of payroll in our estimates of operating costs, again a reflection of current conditions in the Hamilton public sector.

iv) The utility costs (ie. heat, light, and power) have been initially prepared by H.H. Angus Engineers, retained in conjunction with Parkin Partnership, Architects for planning of the Hamilton Trade Centre/Arena. These preliminary estimates were calculated based on a computer model and the utility requirements of the NHL based scenario. The projections were then adjusted by Pannell Kerr Forster Campbell Sharp to represent the operating conditions evident in the remaining scenarios.

v) Insurance cost estimates have been prepared by the City of Hamilton Clerk's Office and represent the additional cost to the City of including the Trade Centre/Arena under an umbrella policy for Hamilton Place, the Convention Centre, Ivor Wynn Stadium and various other facilities owned and operated by the City.

EXHIBIT XXX

HAMILTON TRADE CENTRE/ARENA ORGANIZATIONAL CHART



*Equivalent of 8 Technicians to be supplied by Property Department.

vi) All estimates of operating costs are net of recoverables (i.e. expenses recoverable from users). Only those operating costs which cannot be charged directly to the event or user have been considered.

vii) Unrecovered admission control costs have been assumed in our estimates to reflect those financial losses through unrecoverable salaries or portions of salaries relating to box office staff, security, ticket takers and ushers which cannot be directly charged to an event or user.

viii) A contingency factor has been included because the projections are estimates based on operating conditions at comparable facilities adapted to reflect the Hamilton market. While the projections have been carefully and conscientiously prepared, they do not represent budgets.

ix) Pre-opening expenses have not been included in our projections. It is assumed, however, that these costs will be incurred and are necessary to achieve the revenue estimates projected for the facility. It was beyond the mandate of this study to estimate or evaluate these costs but it is noted here for information purposes that the amortization of these expenses would have a direct impact on the operating results of the facility.

Exhibits XXXII, XXXIII and XXXIV, and XXXV at the end of this section summarize the operating costs for each scenario. Exhibit XXXVI depicts the net operating profit for each of these scenarios. The rationale for these cost estimates follows.

Staffing

Exhibit XXX on the facing page indicates the proposed organizational structure of the Trade Centre/Arena. Throughout the various scenarios this structure remains basically the same with the only differences being in requirements for event technicians and electrical/mechanical technicians based on the level of facility utilization.

The number and roles of staff are based on organizational structures in comparable facilities, staffing requirements of existing public facilities in Hamilton, and operational relationships with various city departments.

Administrative Staff

As noted previously it has been assumed that facility management will be "profit-oriented". Based on this factor we have prepared an operational structure which has proven effective in both private and publically operated facilities. The staffing levels from an administrative perspective are based primarily on the size of the facility and its scope of operation rather than its level of utilization. Administrative staff is proposed to incude: a General Manager, an Assistant General Manager, a Controller and two accounting staff, a Box Office manager and one staff, and a secretary. These staffing levels relate only to full-time staff and it has been assumed that any other administrative staff required would constitute, in one form or another, recoverable expenses.

The box office operations will require only two full time staff. Additional labour will be on a part time basis and charged out as recoverable expenses per event. The portion of these salaries not recoverable has been accounted for in the expense allocation for unrecoverable admissions control.

Operational Staff

Based on criteria similar to those of administrative staffing, we have prepared our estimates for the staffing levels from an operational perspective. The provision of a Building Manager, Chief Engineer, and Security Chief are a requirement of the size of the facility and its scope of operation. Event Technicians and Electrical/Mechanical Technicians, however, are a reflection of the facilities' level of utilization. The number of technicians required can vary from scenario to scenario, determined by the number of events, performances and days the facility operates. Based on the above assumptions we project

requirements for 8 event technicians and 8 electrical/mechanical technicians in both NHL scenarios, 7 of each in the OHL ONLY scenario, and 6 in the NO HOCKEY scenario.

Through our discussions with the Technical Committee it was determined that labour requirements for the electrical/mechanical technicians could be satisfied by utilizing the manpower and services of the City of Hamilton's Property Department. While these staff may not necessarily be employed by the Trade Centre/Arena, they still will have some impact on its payroll costs.

Operational Expenses

We have included only those operating costs which cannot be charged directly to the event or user, ie. the arena will charge the user the costs for security staff, ushers, and the portion of box office staff associated with the presentation of its event. We have not included these recoverables in our estimates of operating costs.

Payroll and Benefits

Salaries presented here are reflective of current salary levels in the competitive market and within Hamilton itself. We have estimated total payroll and benefits to be $959,500 in the NHL/OHL Scenario, $953,000 in the NHL ONLY Scenario, $897,900 in the OHL ONLY Scenario, and $824,500 in the NO HOCKEY Scenario. We have not included any costs associated with the operation of concessions in these estimates. These costs are considered within net revenue projections for the operations.

Administration Payroll and Benefits refers to all salaries and benefits paid to full time administrative staff including the general manager, assistant, controller, box office manager, and their associated support staff. Salary staffing levels will remain constant in all scenarios and are estimated as follows:

Administrative Payroll and Benefits

General Manager (1)	$65,000	
Assistant General Manager (1)	40,000	
Controller (1)	35,000	
Box Office Manager (1)	30,000	
Accounting Staff (2)	40,000	(2 @ 20,000)
Box Office Staff (1)	20,000	
Secretary (1)	15,000	
Total Staff 8	245,000	
	49,000	(20% Benefits)
	$294,000	

Operations

Operational Payroll and Benefits includes all salaries and benefits paid to full time staff involved in facility operations. This would include the Building Manager, Chief Engineer, all event technicians, those allocations of payroll and benefits from the Property Department for services rendered by electrical and mechanical technicians, and security staff. Witn the exception of Property Department allocations, the salaries and benefits do not vary from scenario to scenario.

Operations Payroll and Benefits

	NHL/OHL AND NHL ONLY	OHL	NO HOCKEY
Building Manager	$30,000 (1)	$30,000	$30,000
Chief Engineer	40,000 (1)	40,000	40,000
Event Technicians (25,000 eacn)	200,000 (8)	175,000 (7)	150,000 (6)
*Elec./Mech. Technicians (25,000 each)	150,000 (8)	131,250 (7)	112,500 (6)
Security (20,000 eacn)	60,000 (3)	60,000	60,000
Total Salaries	480,000 (13 + 8)	436,250 (12 + 7)	392,500 (11 + 6)
Benefits	96,000	87,250	78,500
Total Salaries and Benefits	$576,000	$523,500	$471,000

*Assumes a 25% saving on salaries and benefits of electrical/mechanical technicians by using services of Hamilton Property Department.
(Numbers in brackets represent number of employees)

Part-Time

Part-time salaries are a direct reflection of clean-up costs associated with events. Most other part-time labour costs are recoverable through charges to the event or promoter. These costs are in direct relation to the number of performances at the Trade Centre/Arena. We have estimated a clean-up labour cost of $500 per performance. The cost in the NHL scenario would be $89,500 for 181 performances, the NHL ONLY scenario would be $83,000 for 165 performances, the OHL scenario $79,500 for 161 performances, and the NO HOCKEY Scenario $59,500 for 121 performances.

Administration Expense

These costs pertain to all unrecoverable expenses incurred through the maintainenance of facility administration. It is anticipated that these costs would remain relatively fixed throughout each of the scenarios and thus have not been adjusted. The estimates have been generated primarily through our analysis of comparable facilities and have been adjusted to reflect our perception of the Hamilton market.

Administration Expense

Communications	$40,000
Travel	10,000
Advertising and Promotion	85,000
Dues and Subscriptions	5,000
Office Supplies and Printing	20,000
Professional Services	30,000
	$190,000

Communications: This includes all expenses associated with internal p.a. systems, telephone equipment, extensive long distance telephone expense, telex machines, telegrams and postage.

Travel: This pertains to travel costs incurred by arena management to attend conferences, to view potential attractions for the facility and to visit other facilities for comparisons of operating procedures, etc.

Advertising and Promotion: Pertains to the advertising and promotion of the facility (i.e. the promotion of the facility as opposed to specific events or attractions). This would include costs of advertisements in journals, schedules of events, and other promotional material.

Dues and Subscriptions: Includes costs of memberships in associations such as "International Association of Auditorium Managers", cost of memberships in local Rotary Clubs, Board of Trade, etc. and subscriptions to trade magazines and publications.

Professional Services: These costs primarily pertain to accounting for year end audit. Generally this expense would also include the cost of legal fees, however the Trade Centre/Arena will be able to benefit from those legal services already being provided to the City at no additional cost.

Operations Expense

These costs refer to all unrecoverable expenses associated with the operation of the facility. Differing expenses represent a variety of fixed and variable costs. Generally the variable costs are a function of the facility's utilization and are impacted accordingly. Due to varying operational conditions, equipment, and accounting procedures throughout the Trade Centre/Arena industry it is difficult to estimate operational expenses based on industry norms.

Because of this constraint we have generated these estimates based on a variety of sources: data on comparable facilities, the input of both the project's architect and engineer, and discussions with the Technical Committee.

Operations Expense	NHL/OHL AND NHL ONLY	OHL	NO HOCKEY
Utilities	$300,000	$300,000	$241,000
Repairs and Maintenance	175,000	175,000	175,000
Contract Services	50,000	50,000	50,000
Insurance	55,000	55,000	55,000
Materials and Supplies	72,000	72,000	72,000
Automotive Expense	25,000	25,000	25,000
Unrecovered Admission Control	156,000	79,000	72,000
	$833,000	$756,000	$690,000

Utilities: All costs incurred through operations for heat, air conditioning, power, light and sewage. While a base cost can be assumed for standard operating procedures, other factors such as high facility utilization, ice creation and removal, as well as varying climatic conditions impact directly on these costs. Based on the utility projections generated by H.H. Angus Engineers we have adapted the utility costs to reflect the actual operating conditions at the Trade Centre/Arena for each of the individual scenarios. The key variables in each of these scenarios are the days of operation, the number of performances, the number of days ice must be maintained and the number of times the ice must be created and removed.

Repairs and Maintenance: All costs for repairs and replacement to the physical plant, including repairs to damaged facilities, replacement, and generally the maintaining or upkeep of facilities.

Contract Services: Expenses related to use of services outside of building operations staff or other City departments. This expense would include service agreements with outside maintenance and service companies for elevators and escalators, and other services (pest control, etc.) not included in payroll or allocated payroll staff.

Insurance: Actual cost of insurance pertaining to liability, replacement value, and loss of business if applicable. The expense estimate is lower than what

otherwise would be considered normal due to the ability of the facility to benefit from existing insurance coverage already in effect for Hamilton Place, the Convention Centre, Ivor Wynn Stadium, and other City owned or operated public facilities.

Materials and Supplies: Cost of expendables, ie. cleaning supplies, maintenance tools, etc.

Automotive Expense: Cost for rental or lease and maintenance of car for manager, small trucks, (for pick-ups/deliveries) and forklifts where applicable.

Unrecovered Admission Control: This represents the costs of ushers, box office and event security which are not fully recovered from event revenue.

Contingency Factor

As stated in our initial assumptions for these estimates of operating costs, we have included a contingency factor of 4 percent. It is the intent of this factor to reduce the margin of error which may be evident in these projections.

Pre-Opening Costs

The impact of pre-opening costs has not been included in the financial projections for the Trade Centre/Arena. While these costs have not been included, it has been assumed they will be incurred in order that the demand and revenue projections outlined in this report can be met, specifically in the first years of operation.

Initial operating success will be dependent upon a great deal of effort by both management and staff. Discussions with industry representatives have indicated that the General Manager should be on the payroll as early as one year prior to the facility's opening. Remaining Adminstrative and Operational Management should be organizing their respective departments and responsibilities from three to six months in advance of the opening date. The facility should be fully staffed and managed at least one month prior to

EXHIBIT XXXI
PRE-OPENING COSTS
(1982 dollars)

Payroll and Benefits	Pre-Opening Time	Pre-Opening Cost	
General Manager	12 months	$65,000	
Assistant General Manager	6 months	20,000	
Chief Engineer	6 months	20,000	
Secretary	6 months	7,500	
Controller	3 months	8,750	
Box Office Manager	3 months	7,500	
Building Manager	3 months	7,500	
Box Office Staff	1 month	1,667	
Accounting Staff	1 month	3,333	
Event Technicians	1 month	16,667	
Electrical/Mechanical Technicians	1 month	12,500	
Security	1 month	5,000	
		161,917	
	20% benefits	32,383	
Total Payroll and Benefits		$194,300*	
Administration and Expense			
Communications		10,000	
Advertising and Promotion		85,000	
Office Supplies and Printing		5,000	
Total Administration Expense		$100,000	
Operations Expense			
Utilities		59,000	
Materials and Supplies		18,000	
Automotive Expense		6,250	
Total Operations Expense		$83,250	
TOTAL PRE-OPENING COSTS			$392,600

* OHL and NO HOCKEY Scenarios would show payroll and benefit reductions of $4,400 and $8,800 respectively.

opening. Based on projected salary levels and expense projections it has been estimated that in all scenarios, pre-opening costs will approximate $400,000. These costs are illustrated in Exhibit XXXI on the facing page. It was beyond the mandate or scope of this study to comment on the sources of funding for these costs. However, as noted, it has been assumed for the purposes of our revenue projections that they will be incurred.

On the following pages (Exhibits XXXII through XXXVI) we present the summaries of operating costs and net operating profit in 1982 dollars for each of the four scenarios.

EXHIBIT XXXII

NHL/OHL SCENARIO

(1982 dollars)

Estimated Operating Costs (Net of Recoverables)

Payroll and Benefits		
Administration	$294,000	
Operations	576,000	
Part-time	89,500	$959,500
Administration Expense		
Communications	40,000	
Travel	10,000	
Advertising & Promotion	85,000	
Dues & Subscriptions	5,000	
Office Supplies & Printing	20,000	
Professional Services	30,000	190,000
Operations		
Utilities	300,000	
Repairs & Maintenance	175,000	
Contract Services	50,000	
Insurance	55,000	
Materials & Supplies	72,000	
Automotive Expense	25,000	
Unrecovered Admission Control	156,000	833,000
		1,982,500
Contingency (4%)		79,300
Total Expense (181 Performances)		$2,061,800

EXHIBIT XXXIII
NHL ONLY SCENARIO
(1982 dollars)

Estimated Operating Costs (Net of Recoverables)

Payroll and Benefits		
Administration	$294,000	
Operations	576,000	
Part-time	83,000	$953,000
Administration Expense		
Communications	40,000	
Travel	10,000	
Advertising & Promotion	85,000	
Dues & Subscriptions	5,000	
Office Supplies & Printing	20,000	
Professional Services	30,000	190,000
Operations		
Utilities	300,000	
Repairs & Maintenance	175,000	
Contract Services	50,000	
Insurance	55,000	
Materials & Supplies	72,000	
Automotive Expense	25,000	
Unrecovered Admission Control	156,000	833,000
		1,976,000
Contingency (4%)		79,000
Total Expense (165 Performances)		$2,055,000

EXHIBIT XXXIV

OHL ONLY SCENARIO

(1982 dollars)

Estimated Operating Costs (Net of Recoverables)

Payroll and Benefits		
Administration	$294,000	
Operations	523,650	
Part-time	79,500	$897,150
Administration Expense		
Communications	40,000	
Travel	10,000	
Advertising & Promotion	85,000	
Dues & Subscriptions	5,000	
Office Supplies & Printing	20,000	
Professional Services	30,000	190,000
Operations		
Utilities	300,000	
Repairs & Maintenance	175,000	
Contract Services	50,000	
Insurance	55,000	
Materials & Supplies	72,000	
Automotive Expense	25,000	
Unrecovered Admission Control	79,000	756,000
		1,843,150
Contingency (4%)		73,700
Total Expense (161 Performances)		$1,916,850

EXHIBIT XXXV
NO HOCKEY SCENARIO
(1982 dollars)

Estimated Operating Costs (Net of Recoverables)

Payroll and Benefits		
Administration	$294,000	
Operations	471,000	
Part-time	59,500	$824,500
Administration Expense		
Communications	40,000	
Travel	10,000	
Advertising & Promotion	85,000	
Dues & Subscriptions	5,000	
Office Supplies & Printing	20,000	
Professional Services	30,000	190,000
Operations		
Utilities	241,000	
Repairs & Maintenance	175,000	
Contract Services	50,000	
Insurance	55,000	
Materials & Supplies	72,000	
Automotive Expense	25,000	
Unrecovered Admission Control	72,000	690,000
		1,704,500
Contingency (4%)		68,200
Total Expense (121 Performances)		$1,772,700

EXHIBIT XXXVI

HAMILTON TRADE CENTRE/ARENA

Summary of Financial Results

(1982 dollars)

		Without Beer Sales	With Beer Sales
I)	NHL/OHL - with internal concessions		
	Total Revenues	$3,535,000	$3,724,000
	Total Operating Expenses	2,062,000	2,062,000
	NET OPERATING PROFIT	$1,473,000	$1,662,000
	NHL/OHL - with external concessions		
	Total Revenues	$3,298,000	$3,440,000
	Total Operating Expenses	2,062,000	2,062,000
	NET OPERATING PROFIT	$1,236,000	$1,378,000
II)	NHL ONLY - with internal concessions		
	Total Revenues	$3,535,000	$3,713,000
	Total Operating Expenses	2,055,000	2,055,000
	NET OPERATING PROFIT	$1,480,000	$1,658,000
	NHL ONLY - with external concessions		
	Total Revenues	$3,311,000	$3,445,000
	Total Operating Expenses	2,055,000	2,055,000
	NET OPERATING PROFIT	1,256,000	$1,390,000
III)	OHL ONLY - with internal concessions		
	Total Revenues	$2,052,000	$2,173,000
	Total Operating Expenses	1,917,000	1,917,000
	NET OPERATING PROFIT	$135,000	$256,000
	OHL ONLY - with external concessions		
	Total Revenues	$1,900,000	$1,991,000
	Total Operating Expenses	1,917,000	1,917,000
	NET OPERATING PROFIT	($17,000)	$74,000
IV)	NO HOCKEY - with internal concessions		
	Total Revenues	$1,854,000	$1,953,000
	Total Operating Expenses	1,773,000	1,773,000
	NET OPERATING PROFIT	$81,000	$180,000
	NO HOCKEY - with external concessions		
	Total Revenues	$1,730,000	$1,804,000
	Total Operating Expenses	1,773,000	1,773,000
	NET OPERATING PROFIT	($43,000)	$31,000

EXHIBIT XXXVII
EVENT SCHEDULE PROJECTIONS

	1985*	1986	1987	1988
NHL/OHL SCENARIO				
NHL	22	45	45	45
OHL	20	40	40	40
Sporting Events	10	21	26	31
Consumer/Trade Shows	2	4	5	6
Concerts	7	14	17	20
Entertainment	2	4	4	4
TOTAL EVENTS	63	128	137	146
NHL ONLY SCENARIO				
NHL	22	45	45	45
Sporting Events	10	21	26	31
Consumer/Trade Shows	3	6	7	8
Concerts	7	14	17	20
Entertainment	2	4	4	4
Other Events	6	13	15	18
TOTAL EVENTS	50	103	114	126
OHL ONLY SCENARIO				
OHL	20	40	40	40
Sporting Events	11	22	27	32
Consumer/Trade Shows	3	6	7	8
Concerts	7	14	17	20
Entertainment	2	4	4	4
Other Events	6	13	15	18
TOTAL EVENTS	49	99	110	122
NO HOCKEY				
Sporting Events	11	22	27	32
Consumer/Trade Shows	3	6	7	8
Concerts	7	14	17	20
Entertainment	2	4	4	4
Other Events	6	13	15	18
TOTAL EVENTS	29	59	70	82

* 6 months of operation

XII FIVE YEAR PROJECTIONS OF INCOME AND EXPENSE

The five year projections are based on the estimates of revenues and operating costs previously discussed in this report. Whereas the preceeding projections were based on a typical year of operations and presented in 1982 dollars, they have been adapted to reflect perceived future market conditions. The five year projections are based on the following assumptions:

i) The following inflation rates have been assumed:

1983	1984	1985	1986	1987	1988	1989	1990
9.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%

ii) The projections have been prepared to reflect 6 months of operation in 1985 and a full 12 months of operation for the years 1986 through 1990.

iii) Research has indicated that a facility cannot be expected to reach its full demand potential in its initial years of operation. To reflect this, the projections represent a demand growth during the initial 6 month period of 1985 and the full operating years of 1986 and 1987 with the facility meeting its full potential in 1988 and maintaining that level thereafter. The corresponding events projected for each scenario over this period are presented in Exhibit XXXVII.

iv) Revenue and operating projections have been prepared to reflect the events scheduled in Exhibit XXXVII as well as the impact of inflation on their values. These event projections are directly reflected in both arena rental revenues and concession revenues.

v) As noted in the preceeding projections, it has been assumed that revenues from corporate boxes will be considered only in the NHL/OHL and NHL only scenarios. For the purposes of these projections, it has been assumed that with an NHL team, all 18 boxes can be sold in the final year.

vi) Retail rental potential has been based on the available space described previously (i.e. 36,000 square feet). Based on market conditions, and demand for retail space, we have assumed the rental absorption of this space to be 50.0% in 1985, 75% in 1986 and 100% in 1987 and thereafter. This assumption has been maintained throughout all scenarios.

vii) Advertising revenue has been projected on the basis of established long term rentals. Because of this, the projected revenues have been weighted to 1985 values and the standard rates applied for the entire projection period without increase.

viii) Revenues from event promotion have been estimated to reflect the level of events and performances at the facility. As is the case with events and performances, full event promotion revenue is not attained until 1988.

On the following pages, we present our five-year projections for revenues and operating costs in each of the four scenarios. These exhibits are categorized by scenario and depict: 1) projections for arena revenue; 2) estimates of operating costs; and 3) net operating profit.

EXHIBIT XXXVIIIA
ARENA REVENUES
NHL/OHL SCENARIO
($000's)
(inflated dollars)

	1985	1986	1987	1988	1989	1990
Arena Rentals	$973	$2,122	$2,397	$2,707	$2,902	$3,099
Concessions	387 1. 517 2.	842 1. 1,123 2.	957 1. 1,276 2.	1,086 1. 1,448 2.	1,162 1. 1,549 2.	1,243 1. 1,658 2.
Corporate Boxes	146	314	335	358	383	410
Retail	94	302	429	459	491	526
Advertising	125	250	250	250	250	250
Promotion	47	100	114	130	139	149
Total-External Concessions with beer	$1,772 $1,849	$3,930 $4,098	$4,482 $4,673	$4,990 $5,207	$5,321 $5,555	$5,677 $5,926
Total-Internal Concessions with beer	$1,903 $2,005	$4,211 $4,436	$4,801 $5,056	$5,352 $5,642	$5,708 $6,018	$6,092 $6,424

1. External Concessions
2. Internal Concessions

Pannell Kerr Forster Campbell Sharp

EXHIBIT XXXVIIIB
OPERATING COSTS
NHL/OHL SCENARIO
($000's)
(inflated dollars)

	1985	1986	1987	1988	1989	1990
PAYROLL and BENEFITS						
Administration	$184	$394	$420	$450	$482	$515
Operations	327	702	824	881	943	1,009
Part-time	47	101	124	137	147	157
Total	558	1,197	1,368	1,468	1,572	1,681
ADMINISTRATION EXPENSE						
Communication	25	54	57	61	65	70
Travel	6	13	14	15	16	17
Advertising and Promotion	53	114	122	130	139	149
Dues and Subscription	3	7	7	8	9	9
Office Supplies and Printing	13	27	29	31	33	35
Professional Services	19	40	43	46	49	53
Total	119	225	272	291	311	333
Operations						
Utilities	188	401	429	459	491	526
Repairs and Maintenance	110	234	250	268	287	307
Contract Services	32	67	72	77	82	88
Insurance	35	74	79	84	90	96
Materials and Supplies	45	96	103	110	118	126
Automotive Expense	16	33	36	38	41	44
Unrecovered Admission Control	86	187	211	238	255	272
Total	512	1,092	1,180	1,274	1,364	1,459
Subtotal	1,189	2,544	2,820	3,033	3,247	3,473
Contingency (4%)	48	102	113	121	130	139
Total Expense	$1,237	$2,646	$2,933	$3,154	$3,377	$3,612

EXHIBIT XXXVIIIC
NET OPERATING PROFIT
NHL/OHL SCENARIO
($000's)
(inflated dollars)

	1985	1986	1987	1988	1989	1990
ARENA REVENUES						
External Concessions	$1,772	$3,930	$4,482	$4,990	$5,321	$5,677
with beer	1,849	4,098	4,673	5,207	5,555	5,926
Internal Concessions	1,902	4,211	4,801	5,352	5,708	6,092
with beer	2,005	4,436	5,056	5,642	6,018	6,424
OPERATING COSTS	1,237	2,646	2,933	3,154	3,377	3,612
NET OPERATING PROFIT (LOSS)						
External Concessions	$535	$1,284	$1,549	$1,836	$1,944	$2,065
with beer	$612	$1,452	$1,740	$2,053	$2,178	$2,314
Internal Concessions	$665	$1,565	$1,868	$2,198	$2,331	$2,480
with beer	$768	$1,790	$2,123	$2,488	$2,641	$2,812

Pannell Kerr Forster Campbell Sharp

EXHIBIT XXXIX A
ARENA REVENUES
NHL ONLY SCENARIO
($000's)
(inflated dollars))

	1985	1986	1987	1988	1989	1990
Arena Rentals	$949	$2,124	$2,413	$2,743	$2,935	$3,140
Concessions	355 1. 473 2.	776 1. 1,035 2.	890 1. 1,187 2.	1,021 1. 1,364 2.	1,093 1. 1,459 2.	1,169 1. 1,561 2.
Corporate Boxes	146	314	335	358	383	410
Retail	94	302	429	459	491	526
Advertising	125	250	250	250	250	250
Promotion	51	111	140	176	188	201
Total-External Concessions with beer	$1,720 $1,791	$3,877 $4,032	$4,457 $4,635	$5,007 $5,211	$5,340 $5,559	$5,696 $5,930
Total-Internal Concessions with beer	$1,838 $1,933	$4,136 $4,343	$4,754 $4,991	$5,350 $5,623	$5,706 $5,998	$6,088 $6,400

1. External Concessions
2. Internal Concessions

UNDER THE CONFIDENTIALITY AGREEMENT
RELEASED TO THE PUBLIC
McMASTER UNIVERSITY
HAMILTON, ONTARIO

EXHIBIT XXXIX B
OPERATING COSTS
NHL ONLY SCENARIO
($000's)
(inflated dollars)

	1985	1986	1987	1988	1989	1990
PAYROLL and BENEFITS						
Administration	$184	$394	$420	$450	$482	$515
Operations	327	702	824	881	943	1,009
Part-time	41	90	107	127	136	145
Total	552	1,186	1,351	1,458	1,561	1,669
ADMINISTRATION EXPENSE						
Communication	25	54	57	61	65	70
Travel	6	13	14	15	16	17
Advertising and Promotion	53	114	122	130	139	149
Dues and Subscription	3	7	7	8	9	9
Office Supplies and Printing	13	27	29	31	33	35
Professional Services	19	40	43	46	49	53
Total	119	225	272	291	311	333
Operations						
Utilities	188	401	429	459	491	526
Repairs and Maintenance	110	234	250	268	287	307
Contract Services	32	67	72	77	82	88
Insurance	35	74	79	84	90	96
Materials and Supplies	45	96	103	110	118	126
Automotive Expense	16	33	36	38	41	44
Unrecovered Admission Control	84	187	212	238	255	272
Total	510	1,092	1,181	1,274	1,364	1,459
Subtotal	1,181	2,503	2,804	3,023	3,236	3,461
Contingency (4%)	47	100	112	121	129	138
Total Expense	$1,228	$2,603	$2,916	$3,144	$3,365	$3,599

EXHIBIT XXXIX C
NET OPERATING PROFIT
NHL ONLY SCENARIO
($000's)
(inflated dollars)

	1985	1986	1987	1988	1989	1990
ARENA REVENUES						
External Concessions	1,720	3,877	4,457	5,007	5,340	5,696
with beer	1,791	4,032	4,635	5,211	5,559	5,930
Internal Concessions	1,838	4,136	4,754	5,350	5,706	6,088
with beer	1,933	4,343	4,991	5,623	5,998	6,400
OPERATING COSTS	1,228	2,603	2,916	3,144	3,365	3,599
NET OPERATING PROFIT (LOSS)						
External Concessions	492	1,274	1,541	1,863	1,975	2,097
with beer	563	1,429	1,719	2,067	2,194	2,331
Internal Concessions	610	1,553	1,838	2,206	2,341	2,489
with beer	705	1,740	2,085	2,479	2,633	2,801

Pannell Kerr Forster Campbell Sharp

EXHIBIT XLA
ARENA REVENUES
OHL ONLY SCENARIO
($000's)
(inflated dollars)

	1985	1986	1987	1988	1989	1990
Arena Rentals	$454	$980	$1,195	$1,446	$1,550	$1,655
Concessions	219 1. 302 2.	488 1. 651 2.	585 1. 779 2.	696 1. 928 2.	745 1. 993 2.	796 1. 1,063 2.
Retail	94	302	429	459	491	525
Advertising	53	106	100	106	106	106
Promotion	51	111	140	176	188	201
Total-External Concessions with beer	$871 $915	$1,987 $2,085	$2,455 $2,572	$2,883 $3,022	$3,077 $3,226	$3,284 $3,443
Total-Internal Concessions with beer	$ 954 $1,014	$2,150 $2,280	$2,649 $2,805	$3,115 $3,301	$3,325 $3,524	$3,550 $3,763

1. External Concessions
2. Internal Concessions

EXHIBIT XLB
OPERATING COSTS
OHL ONLY SCENARIO
($000's)
(Inflated dollars)

	1985	1986	1987	1988	1989	1990
PAYROLL and BENEFITS						
Administration	$184	$394	$420	$450	$482	$515
Operations	294	631	749	801	859	917
Part-time	41	86	103	124	133	142
Total	519	1,111	1,272	1,375	1,474	1,574
ADMINISTRATION EXPENSE						
Total Administration Expense	119	225	272	291	311	334
Operations						
Utilities	188	401	429	459	492	526
Repairs and Maintenance	110	234	250	268	287	307
Contract Services	32	67	72	77	82	88
Insurance	35	74	79	84	90	96
Materials and Supplies	45	96	103	110	118	126
Automotive Expense	16	33	36	38	41	44
Unrecovered Admission Control	40	86	105	127	136	145
Total	466	991	1,074	1,163	1,246	1,332
Subtotal	1,104	2,357	2,618	2,829	3,031	3,240
Contingency (4%)	44	94	105	113	121	130
Total Expense	$1,048	$2,451	$2,723	$2,942	$3,152	$3,370

Pannell Kerr Forster Campbell Sharp

EXHIBIT XLC
NET OPERATING PROFIT
OHL ONLY SCENARIO
($000's)
(inflated dollars)

	1985	1986	1987	1988	1989	1990
ARENA REVENUES						
External Concessions	$871	$1,987	$2,455	$2,883	$3,077	$3,284
with beer	915	2,085	2,572	3,022	3,226	3,443
Internal Concessions	954	2,150	2,649	3,115	3,325	3,550
with beer	1,014	2,280	2,805	3,301	3,524	3,763
OPERATING COSTS	1,148	2,451	2,723	2,942	3,152	3,370
NET OPERATING PROFIT (LOSS)						
External Concessions	($44)	($464)	($268)	($ 59)	($ 75)	($ 86)
with beer	($99)	($366)	($151)	$ 80	$ 74	$ 73
Internal Concessions	($90)	($301)	($ 74)	$173	$173	$180
with beer	($30)	($171)	$ 82	$359	$372	$393

Parnell Kerr Forster Campbell Sharp

EXHIBIT XLIA

ARENA REVENUES

NO HOCKEY SCENARIO

($000's)

(inflated dollars)

	1985	1986	1987	1988	1989	1990
Arena Rentals	$400	$864	$1,071	$1,312	$1,400	$1,501
Concessions	167 1.	377 1.	466 1.	570 1.	610 1.	652 1.
	198 2.	503 2.	622 2.	760 2.	813 2.	869 2.
Retail	94	302	429	459	492	525
Advertising	53	106	100	106	106	106
Promotion	51	111	140	176	188	201
Total-External Concessions	$765	$1,760	$2,212	$2,623	$2,799	$2,987
with beer	$798	$1,835	$2,305	$2,737	$2,921	$3,118
Total-Internal Concessions	$796	$1,886	$2,368	$2,813	$3,002	$3,204
with beer	$836	$1,987	$2,492	$2,965	$3,165	$3,378

1. External Concessions
2. Internal Concessions

Pannell Kerr Forster Campbell Sharp

EXHIBIT XLIB
OPERATING COSTS
NO HOCKEY SCENARIO
($000's)
(Inflated dollars)

	1985	1986	1987	1988	1989	1990
PAYROLL and BENEFITS						
Administration	$184	$394	$420	$450	$482	$515
Operations	294	631	675	723	773	827
Part-time	28	59	74	93	99	106
Total	506	1,084	1,169	1,266	1,354	1,448
ADMINISTRATION EXPENSE						
Total Administration Expense	119	225	272	291	311	333
Operations						
Utilities	151	333	346	370	396	423
Repairs and Maintenance	110	234	250	268	287	307
Contract Services	32	67	72	77	82	88
Insurance	35	74	79	84	90	96
Materials and Supplies	45	96	103	110	118	126
Automotive Expense	16	33	36	38	41	44
Unrecovered Admission Control	35	76	94	115	123	132
Total	424	913	980	1,062	1,137	1,216
Subtotal	1,049	2,252	2,421	2,619	2,802	2,997
Contingency (4%)	42	90	97	105	112	120
Total Expense	$1,091	$2,342	$2,518	$2,724	$2,914	$3,117

Parnell Kerr Forster Campbell Shu

EXHIBIT XLIC
NET OPERATING PROFIT
NO HOCKEY SCENARIO
($000's)
(Inflated dollars)

	1985	1986	1987	1988	1989	1990
ARENA REVENUES						
External Concessions	$765	$1,760	$2,212	$2,623	$2,799	$2,987
with beer	798	1,835	2,305	2,737	2,921	3,118
Internal Concessions	796	1,886	2,368	2,813	3,002	3,204
with beer	836	1,987	2,492	2,965	3,165	3,378
OPERATING COSTS	1,091	2,342	2,518	2,724	2,914	3,117
NET OPERATING PROFIT (LOSS)						
External Concessions	($326)	($582)	($306)	($101)	($115)	($133)
with beer	($293)	($507)	($213)	$ 13	$ 7	$ 1
Internal Concessions	($295)	($456)	($150)	$ 89	$ 88	$ 87
with beer	($255)	($355)	($ 26)	$241	$251	$261

XIII ECONOMIC ANALYSIS

Economic Impact

We have prepared three economic impact models to illustrate the effect of the four alternative scenarios upon the City of Hamilton. The basis for these models is the 1980 report prepared by IBI consultants which has been updated to reflect changed market conditions. We have also included the expenditure category of "accommodation". This sector is expected to play a role of increasing importance due to the level of proposed hotel development in Hamilton and the net impact of Trade Centre/Arena activity on this segment of the economy.

Exhibit XLIII illustrates the economic impact of the two scenarios which include an NHL hockey franchise. We have assumed that visiting players' salaries will leave the community and will not contribute toward local employment and income. We have also assumed that 50% of the total direct expenditures, exclusive of salaries to NHL players, would leave the community in the hands of travelling performers. Due to the size and mobility of the market area for the proposed arena/trade centre, we feel that these are realistic assumptions.

Exhibit XLIV illustrates the economic impact of a scenario which includes an OHL team and NHL exhibitions, but no NHL franchise. A third scenario is illustrated in exhibit XLV which examines the impact of an arena/trade centre with NHL exhibitions but without any other hockey component. (Footnotes on these exhibits can be found on exhibit XLVI).

Direct expenditures are examined as as function of total attendance at the arena/trade-centre based upon per capita estimates of expenditures which are illustrated in exhibit XLVII. This type of analysis requires assumptions regarding the nature of consumer spending habits and the relevance of ratios which have been extrapolated from the 1980 report and from the report released by the Ministry of Industry and Tourism in 1978 ("The Economic Impact of Tourism

EXHIBIT XLVII
PER CAPITA EXPENDITURES [1]

		Primary Market	Secondary Market
1.	Food and Beverage, Amusement and Recreation (Outside Arena)	$ 4.64	$ 6.50
2.	Food and Beverage (In Arena)	1.86	2.48
3.	Retail Trade (In Arena)	0.74	0.99
4.	Service Stations (Gasoline)	1.17-1.86	2.36-3.50
5.	Parking and Transit	0.87-0.92	1.11-1.98
6.	Accommodation [2]	-	1.28

1. Reference exhibit 2J2 in the 1980 report. Per capita expenditures for gasoline were inflated by 75% which represents the increase in price for gasoline between September 1980 - September 1982 (source: Statistics Canada). Per capita expenditures for other categories were inflated by 23.8% which was the rate of increase of the consumer price index over the same time period.

2. Per capita expenditures for accommodation is based upon industry experience and research in the Hamilton region.

EXHIBIT XLIII
ECONOMIC IMPACT - NHL SCENARIO
(1982 dollars)

EXPENDITURE CATEGORY		TOTAL DIRECT EXPENDITURE 1.	INCOME MULTIPLIER 2.	TOTAL LOCAL INCOME 3.	RATIO OF DIRECT EMPLOYMENT: DIRECT EXPENDITURE (MAN YEARS PER MILLION $) 4.	DIRECT EMPLOYMENT (MAN-YEARS) 5.	EMPLOYMENT MULTIPLIER 2.	TOTAL DIRECT, INDIRECT INDUCED EMPLOYMENT (MAN-YEARS) 6.	TOTAL WAGES AND SALARIES(DIRECT, INDIRECT AND INDUCED EMPLOYMENT) 7.
Amusement, Recreation (In Arena) 8.		$10,040,960	* 9.	$ 6,409,816	* 9.	263	1.25	329	$ 9,675,250
Food and Beverage (In Arena)		2,366,322	1.48	3,502,157	48.6	115	1.39	160	2,760,000
Food, Beverage, Amusement and Recreation (outside Arena)		5,381,867	1.59 10.	8,557,169	59.2 10.	319	1.32	421	7,262,250
Accommodation		169,206	1.50	253,809	59.2	10	1.40	14	241,500
Retail Trade (In Arena)		833,911	2.86	2,384,985	55.0	46	1.97	91	1,569,750
Service Stations - 11.	a)	1,187,525	3.46	4,108,837	55.0	65	2.24	146	2,518,500
	b)	1,709,683	3.46	5,915,503	55.0	94	2.24	211	3,639,750
Transportation - 12.	a)	1,428,775	1.13	1,614,516	38.9	56	1.69	95	1,638,750
	b)	952,196	1.13	1,075,981	38.9	37	1.69	63	1,086,750
TOTALS	a)	$21,408,566		$26,831,289		874		1,256	$21,666,000
	b)	$21,454,145		$28,099,420		884		1,289	$22,235,250

NOTES: 1. to 12. - see Exhibit XLVI

Pannell Kerr Forster Campbell Sharp

EXHIBIT XLIV
ECONOMIC IMPACT - ONL SCENARIO
(1982 dollars)

EXPENDITURE CATEGORY		TOTAL DIRECT EXPENDITURE 1.	INCOME MULTIPLIER 2.	TOTAL LOCAL INCOME 3.	RATIO OF DIRECT EMPLOYMENT: DIRECT EXPENDITURE (MAN YEARS PER MILLION $) 4.	DIRECT EMPLOYMENT (MAN-YEARS) 5.	EMPLOYMENT MULTIPLIER 2.	TOTAL DIRECT, INDIRECT INDUCED EMPLOYMENT (MAN-YEARS) 6.	TOTAL WAGES AND SALARIES(DIRECT, INDIRECT AND INDUCED EMPLOYMENT) 7.
Amusement, Recreation (In Arena) 8.		$ 5,153,326	* 9.	$ 8,760,654	* 9.	180	1.25	225	$ 3,881,250
Food and Beverage (In Arena)		1,517,000	1.48	2,245,160	48.6	74	1.39	103	1,776,750
Food, Beverage, Amusement and Recreation (outside Arena)		3,495,282	1.59 10.	5,557,498	59.2 10.	207	1.32	273	4,709,250
Accommodation		109,892	1.50	164,838	59.2	7	1.40	9	155,250
Retail Trade (In Arena)		541,588	2.86	1,548,942	55.0	30	1.97	59	1,017,750
Service Stations - 11.	a)	771,244	3.46	2,668,504	55.0	42	2.24	94	1,621,500
	b)	1,110,363	3.46	3,841,856	55.0	61	2.24	137	2,363,250
Transportation - 12.	a)	927,926	1.13	1,048,556	38.9	36	1.69	61	1,052,250
	b)	618,408	1.13	698,801	38.9	24	1.69	41	707,250
TOTALS	a)	$12,516,258		$21,994,152		576		824	$14,214,000
	b)	$12,545,859		$22,817,749		583		847	$14,610,750

NOTES: 1. to 12. - see Exhibit XLVI

EXHIBIT XLV
ECONOMIC IMPACT - NO HOCKEY SCENARIO
(1982 dollars)

EXPENDITURE CATEGORY		TOTAL DIRECT EXPENDITURE 1.	INCOME MULTIPLIER 2.	TOTAL LOCAL INCOME 3.	RATIO OF DIRECT EMPLOYMENT: DIRECT EXPENDITURE (MAN YEARS PER MILLION $) 4.	DIRECT EMPLOYMENT (MAN-YEARS) 5.	EMPLOYMENT MULTIPLIER 2.	TOTAL DIRECT, INDIRECT INDUCED EMPLOYMENT (MAN-YEARS) 6.	TOTAL WAGES AND SALARIES(DIRECT, INDIRECT AND INDUCED EMPLOYMENT) 7.
Amusement, Recreation (In Arena) 8.		$ 4,658,781	* 9.	$ 7,919,928	* 9.	163	1.25	204	$ 5,519,000
Food and Beverage (In Arena)		1,241,138	1.48	1,836,884	48.6	60	1.39	83	1,431,750
Food, Beverage, Amusement and Recreation (outside Arena)		2,869,938	1.59 10.	4,563,201	59.2 10.	170	1.32	224	3,864,000
Accommodation		90,231	1.50	135,347	59.2	5	1.40	7	120,750
Retail Trade (In Arena)		444,692	2.86	1,271,819	55.0	24	1.97	47	810,750
Service Stations - 11.	a)	633,260	3.46	2,191,080	55.0	35	2.24	78	1,345,500
	b)	911,707	3.46	3,154,506	55.0	50	2.24	112	1,932,000
Transportation - 12.	a)	761,910	1.13	860,958	38.9	30	1.69	51	879,750
	b)	507,768	1.13	573,778	38.9	20	1.69	34	586,500
TOTALS	a)	$10,699,950		$18,779,217		487		694	$11,971,500
	b)	$10,724,255		$19,455,463		492		711	$12,264,750

NOTES: 1. to 12. - see Exhibit XLVI

Pannell Kerr Forster Campbell Sharp

EXHIBIT XLVI

FOOTNOTES TO EXHIBITS XLIII, XLIV, XLV

1. Total expenditure equals direct expenditures by persons from the secondary market plus one-half the direct expenditures of persons from the primary market. It is assumed the 38% of total attendance will be from the secondary market and 68% will be from the primary market.

2. Source: Ministry of Industry and Tourism, The Economic Impact of Tourism in Ontario and Regions 1976, December 1978

3. Total local income equals total direct expenditure times the income multiplier.

4. Reference note 2 -- Ratios have been adjusted from the 1980 report by a factor of 15% which represents wage increases over the period September 1980 - September 1982.

5. Direct employment equals total direct expenditures times the ratio of direct employment to total direct expenditure.

6. Direct employment times the employment multiplier.

7. This assumes an average wage of $17,250 per annum in all sectors. This value was obtained by answering a 15% increase in the average wage over the period September 1980 - September 1982.

8. Ticket sales.

9. The income multiplier of 1.7 was applied only to expenditures judged to enter the local economy. This figure was determined by subtracting visiting players' salaries from net direct expenditures for ticket sales and multiplying by a factor of 0.5. It was assumed that 50% of expenditures, exclusive of NHL players' salaries, would leave the local economy immediately in the hands of travelling performers. The portion of expenditures remaining in the local economy was multiplied by a direct employment to direct expenditure ratio of 69.8. It was assumed that there were 20 players on an NHL team and that the average player's salary was $125,000 (source: NHL PUBLIC RELATIONS, 1982). The players' salary was not considered to contribute to the local economy.

10. These ratios were calculated by averaging the ratios for amusement, recreation and food, beverage in the arena.

11. Totals (a) and (b) are for different assumptions about the private automobile/public transportation proportions. Service station expenditures are for gasoline. It was assumed that 50% of the secondary market would purchase gasoline in Hamilton.

12. Totals (a) and (b) are for different assumptions about the private auotmobile/public transportation proporitons. Transportation expenditures equal the sum of expenditures for parking and public transportation.

(appended from exhibit 2J4 of the IBI report)

EXHIBIT XLVII

EXISTING FACILITY IMPACT ESTIMATES

(1982 dollars)

	Rental Revenue	Internal Concessions	Total
Convention Centre*			
High Probability			
Industrial Show	$15,200	$4,800	$20,000
Car Show	15,200	4,000	19,200
Home Show	15,200	12,800	28,00
	45,600	21,600	67,200
Medium Probability			
Better Living Show	12,000	4,800	16,800
Sports and Leisure Show	12,000	4,800	16,800
	24,000	9,600	33,600
	$69,600	$31,200	$100,800

* Assumes revenues at Trade Centre/Arena equal to those at Convention Centre.

Hamilton Place

3 concerts @ $2,000**	net revenue =	$6,000
7 concerts @ $2,000	net revenue =	14,000
		$20,000

** based on achieved rental revenue and bar revenues, Hamilton Place 1981

Ivor Wynn Stadium

Union Meetings
Sports Tournaments
Religious Events - 2
Concerts - 2

(estimate) 7 @ $2,000*** = $14,000

*** Source: Hamilton Department of Culture and Recreation

Mountain Arena

Circus - 8 performances
Concerts - 2
Sports Events - 3

13 @ $1,200**** net revenue = $15,600

**** Based on existing rate structure

Source: Department of Culture and Recreation

in Ontario and Region, 1976"). Consequently, the figures derived from this kind of analysis should be regarded as representative of the magnitude of impact by the various sectors in each scenario and not as firm predictions of what will occur.

In addition, the calculations below represent the total employment in man years which will be generated through construction of the trade centre/arena. The methodology incorporated was based on that used in the original 1980 report. The resulting impact on employment, therefore, has varied only slightly from the original projections.

ECONOMIC IMPACT OF CONSTRUCTION EXPENDITURES FOR AN ARENA/TRADE CENTRE IN HAMILTON

Direct Expenditures ($ Million)	Income Multiplier	Total Income ($ Million)	Construction Employment	Total Employment (Man Years)
42.7	2.07	88.4	650 jobs for 22 months	1,192

Existing Facility Impact

It was within this scope of the study to evaluate the financial impact of the Trade Centre/Arena's operation on existing public assembly facilities in Hamilton. These impacts were derived through the evaluation of lost revenues or demand as outlined in our analysis of demand potential for the Trade Centre. Exhibit XLVI outlines the estimates of lost revenues for each of:

- Hamilton Convention Centre
- Hamilton Place
- Ivor Wynn Stadium
- Hamilton Mountain Arena

As shown, the greatest impact will occur on the Convention Centre. We have estimated lost revenues to range from $67,000 to $100,000 per annum. Based on our analysis of present operating conditions at the Convention Centre and the results of our market research, we have projected a high probability for the transfer of three trade and consumer shows to the new facility and a medium of probability

transfer for two additional shows. These estimates have assumed no increase in either rental or concession revenue because of the transfer from one facility to the other.

As noted previously in this report, we have projected a loss of 3 to 7 concerts at Hamilton Place. Since revenue potential per performance is limited by the relatively smaller number of seats at Hamilton Place, the overall impact will be minimal. We have estimated lost revenue to range from $6,000 to $14,000. It should also be noted that those concerts projected to transfer will be doing so as a result of their requirements for larger seating capacities. This could potentially result in increased revenues from concessions and rentals of $47,000 to $110,000 to the City.

Based on the list of events and attractions at Ivor Wynn Stadium and the Mountain Arena supplied to us by the Hamilton Department of Culture and Recreation, we have calculated the resulting impact on both facilities. These financial impacts are based on the current rate structure at each facility.

We have assumed that events and attractions currently held at these facilities will be enticed to relocate to the new Trade CentreArena due to community support and the opportunity of performing in a new complex. We have projected an impact of $14,000 on Ivor Wynn Stadium and $16,000 on the arena.

The resulting impact on the existing facilities, with the exception of the Convention Centre, is minimal. It is felt however that even the negative impacts on that facility can be minimized. Research indicates that with the completion of proposed hotel space in the City of Hamilton, increased demand for convention space should compensate for that loss of trade and consumer show demand. At the same, time this occurrance will provide the Trade Centre/Arena with an opportunity to present those potential users with a more suitable alternative.